

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND NINTH LEGISLATURE

Legislative Document

No. 784

H. P. 633

House of Representatives, February 26, 1979

Referred to the Committee on Public Utilities. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mr. Davies of Orono.

Cosponsors: Mr. Laffin of Westbrook and Mr. Vose of Eastport.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-NINE

AN ACT to Require Periodic Management Audits of all Public Utilities.

Be it enacted by the People of the State of Maine, as follows:

Sec. 1. 35 MRSA § 17 is enacted to read:

§ 17. Management Audits of Electrical and Gas Utilities

The commission shall have power to provide for management and operations audits of gas corporations and electric corporations. These audits shall be performed at least once every 5 years. The audit shall include, but not be limited to, an investigation of the company's construction program planning in relation to the needs of its customers for reliable service and an evaluation of the efficiency of the company's operations. The commission shall have discretion to have these audits performed by its staff, or by independent auditors.

In every case in which the commission chooses to have the audit provided for in this section performed by independent auditors, it shall have authority to select the auditors, and to require the company being audited to enter into a contract with the auditors providing for their payment by the company. The contract shall provide further that the auditors shall work for and under the direction of the commission according to such terms as the commission may determine are necessary and reasonable.

The commission shall have authority to direct the company to implement any recommendations resulting from these audits which it finds to be necessary and reasonable.

Sec. 2. Appropriation. The following funds shall be appropriated from the General Fund to carry out the purposes of this Act.

1979-80

PUBLIC UTILITIES COMMISSION

All Other

\$75,000

STATEMENT OF FACT

This bill requires the Public Utilities Commission to carry out management audits of electrical and gas utilities. The commission at present conducts financial audits of these utilities as part of its rate hearings, but lacks the resources to carry out an evaluation of their efficiency. Of course, the more efficient a public utility is, the less money it will need to do its job, and the lower its customer rates need to be.

Management audits, which are presently being conducted in 13 states, are one method of determining the efficiency of a public utility, and can materially aid public utilities in providing better service to their customers. This proposed statute is based upon the comparable statute of New York State, which has had extensive experience with management audits.