

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 891

H. P. 754

House of Representatives, February 17, 1981

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

EDWIN H. PERT, Clerk

Presented by Representative D. Brown of Livermore Falls.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-ONE

AN ACT to Partially Deregulate Water Districts from Regulation by the Public Utilities Commission.

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

Sec. 1. 35 MRSA § 15, sub-§ 4-A is enacted to read:

4-A. Customer. "Customer" means any person, firm, corporation, government or governmental agency who has applied for and is granted service or who is responsible for payment for the service.

Sec. 2. 35 MRSA § 69, last ¶, as enacted by PL 1977, c. 75, § 1, is amended to read:

This ~~section~~ section shall not apply to municipal or quasi-municipal corporations which are water companies within the definition of section 15, subsection 25, ~~and which serve 400 or or fewer customers~~, any provisions in any charter notwithstanding.

Sec. 3. 35 MRSA § 72, first ¶ and 3rd ¶, as enacted by PL 1977, c. 75, § 2, are amended to read:

Notwithstanding section 69, municipal quasi-municipal corporations which are water companies within the definition of section 15, subsection 25, ~~and serving 400 or fewer customers~~ shall be subject to the suspension, investigation, hearing and rate substitution provisions of section 69 under the conditions specified in this section.

If, on or before the effective date of the rate change, 10% of the customer, 25% of the customers of a higher rate section as provided for in section 73, subsection 2, or 25% of a single class of customers, of the municipal or quasi-municipal water corporation file with the treasurer of the corporation and with the Public Utilities Commission petitions demanding a review of the rate changes by the Public Utilities Commission, the rate change may be suspended, investigated, reviewed and changed in accordance with section 69.

Sec. 4. 35 MRSA § 73 is enacted to read:

§ 73. Rates for municipal and quasi-municipal water companies

Notwithstanding any other provision of law or any charter to the contrary and in addition to any charter or private and special acts creating or affecting any municipal water department or quasi-municipal water district, the rate, toll or charge made, exacted, demanded or collected by any municipal water department or quasi-municipal water district, is governed by this section.

As used in this section, the term "governing body" means the governing body of a municipal water department or quasi-municipal water district.

1. Just and reasonable rates. The governing body shall establish rates, tolls or charges which are just and reasonable and which provide revenue as may be required to perform its public utility service and to attract necessary capital on just and reasonable terms.

2. Uniform rates. The governing body shall establish rates which are uniform within the territory supplied whenever the installation and maintenance of mains and the cost of service is substantially uniform. If, for any reason, the cost of construction and maintenance or the cost of service in a section of the territory exceeds the average, the governing body may establish higher rates for that section, but these higher rates shall be uniform throughout that section.

3. Purposes. The governing body may establish rates under this section so as to provide revenue for the following purposes:

A. To pay the current expenses for operating and maintaining the water system and to provide for normal renewals and replacements;

B. To provide for the payment of the interest on the indebtedness created or assumed by the utility;

C. To provide each year a sum equal to not less than 2% nor more than 10% of the term indebtedness represented by the issuance of bonds created or assumed by the utility, which sum shall be turned into a sinking fund and there kept to provide for the extinguishment of term indebtedness. The money set aside in this sinking fund shall be devoted to the retirement of the term obligations of the utility and may be invested in such securities as savings banks in the State are allowed to hold;

D. To provide for annual principal payments on other term and serial indebtedness created or assumed by the utility; and

E. To provide for a contingency reserve fund pursuant to Title 35, section 3311.

STATEMENT OF FACT

In 1977, the Legislature partially exempted from regulation by the Public Utilities Commission municipal and quasi-municipal water districts which served less than 400 customers. This bill expands that law to exempt all nonprofit municipal and quasi-municipal water districts. Water districts would establish their rates by conducting a public hearing and then placing the rates into effect subject to appeal to the Public Utilities Commission by 10% of the customers. The Public Utilities Commission would still have jurisdiction to approve the issuance of debt by water districts, and customers could still seek service complaint remedies from the commission, and the commission could still determine and remedy any rate discrimination which may exist. Many nonprofit water districts are presently operating at a loss because of the time it takes to process a rate case before the Public Utilities Commission. Since the municipal and quasi-municipal water districts do not make a profit and are operated by elected public officials, there is a serious question as to whether or not the public benefits by the expense that the districts incur in processing a case before the commission and the expense incurred by the commission in using its time and expertise to review the case.