

# MAINE STATE LEGISLATURE

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New Draft of S. P. 214, L. D. 579  
FIRST REGULAR SESSION

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ONE HUNDRED AND TENTH LEGISLATURE

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**Legislative Document**

**No. 1637**

S. P. 628

In Senate, May 20, 1981

Reported by Senator Trafton of Androscoggin from the Committee on Public Utilities and Printed under Joint Rules No. 2.

MAY M. ROSS, Secretary of the Senate

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STATE OF MAINE

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

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**AN ACT to Authorize Municipal and Quasi-municipal Water Districts to Set Rates.**

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

**Sec. 1.** 35 MRSA § 3 is amended to read:

**§ 3. Rules; assistance**

The commission may make all necessary rules ~~and regulations~~ and may employ such expert, professional or other assistance as is necessary in making investigations or in otherwise carrying out ~~chapters 1 to 17 its responsibilities~~ under this Title.

**Sec. 2.** 35 MRSA § 15, sub-§ 4-A is enacted to read:

**4-A. Customer.** "Customer" includes any person, firm, corporation, government or governmental division which has applied for and is granted service or which is responsible for payment of the service.

**Sec. 3.** 35 MRSA § 69, 3rd ¶, as enacted by PL 1977, c. 75, § 1, is amended to read:

This 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 fewer customers~~ and provisions in any charter notwithstanding, ~~and~~

which elect to proceed pursuant to the terms of section 72, unless by the express terms of section 72 the provisions of this section are made applicable to those corporations.

Sec. 4. 35 MRSA § 72, as enacted by PL 1977, c. 75, § 2, is repealed and the following enacted in its place:

**§ 72. Municipal and quasi-municipal water companies**

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

Municipal and quasi-municipal water corporations which elect to set rates under this section shall not file with the commission or increase any rate, toll or charge without first holding a public hearing at which any person, firm or corporation which pays such rates, tolls or charges to the municipal or quasi-municipal water corporations may testify and may question the officials present regarding such proposed increase. The municipal or quasi-municipal water corporation as described in this section shall, at least 14 days prior to the hearing, publish a notice of the proposed rate increase and the hearing including the date, time, place and purpose of the hearing at least twice in a newspaper of general circulation in the area encompassed by the municipal or quasi-municipal water corporation. In addition, each municipal or quasi-municipal water corporation shall give one notice of the proposed rate increase and the date, time and place of the hearing to each of its ratepayers. At the commencement of each hearing held pursuant to this section, the municipal or quasi-municipal water corporation shall inform those present that the rate increase may be investigated by the Public Utilities Commission in accordance with this section.

If, on or before the effective date of the rate change, 15% of the customers of the municipal or quasi-municipal water corporation or 1,000 customers, whichever is less, 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.

Nothing in this section may prohibit a municipal or quasi-municipal water corporation from petitioning the Public Utilities Commission for review pursuant to section 69 in the first instance.

Upon review of a rate filing made pursuant to this section, the Public Utilities Commission may order the municipal or quasi-municipal water corporation to correct any mathematical or clerical errors.

Sec. 5. 35 MRSA § 73 is enacted to read:

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

1. Scope of section. Notwithstanding any other provision of law or any

charter to the contrary and in addition to any charter or private and special laws 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.

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

3. **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.

4. **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.

5. **Purposes.** The governing body may establish rates under this section so as to provide revenue for the following purposes, but no other:

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 serial indebtedness created or assumed by the utility; and

E. To provide for a contingency reserve fund by providing rates to reflect up to a 5% addition to yearly revenues over what is required to operate the water company, in accordance with section 3311.

#### STATEMENT OF FACT

This new draft retains the intent of the original bill, L.D. 579, to allow municipal and quasi-municipal water districts to set their own rates, unless the customers petition for Public Utilities Commission's approval. It adds, from L.D. 891, language guiding the district in setting rates.