

MAINE STATE LEGISLATURE

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1 (New Draft of S.P. 321, L.D. 964)

2 FIRST REGULAR SESSION
3

4 ONE HUNDRED AND ELEVENTH LEGISLATURE
5

6 Legislative Document

No. 1446

7
8 S.P. 480

In Senate, April 11, 1983

9 Reported by Senator Baldacci of Penobscot from the Committee on
10 Public Utilities and printed under Joint Rule 2.

11 Original bill presented by Senator Baldacci of Penobscot. Cosponsored
by Representative Vose of Eastport, Representative Bost of Orono and
Representative Weymouth of West Gardiner.

JOY J. O'BRIEN, Secretary of the Senate

12
13 STATE OF MAINE
14

15 IN THE YEAR OF OUR LORD
16 NINETEEN HUNDRED AND EIGHTY-THREE
17

18 AN ACT to Improve and Clarify the Rate-
19 setting Procedures for Municipal and Quasi-
20 municipal Water Companies.
21

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

24 Sec. 1. 35 MRSA §72, as repealed and replaced by
25 PL 1981, c. 438, §4, is amended to read:

26 §72. Municipal and quasi-municipal water companies

27 Notwithstanding section 69, municipal and
28 quasi-municipal corporations which are water compa-
29 nies within the definition of section 15, subsection
30 25, shall be subject to the suspension, investiga-
31 tion, hearing and rate substitution provisions of
32 section 69 under the conditions specified in this
33 section.

1 Municipal and quasi-municipal water corporations
2 which elect to set rates under this section shall not
3 file with the commission or increase any rate, toll
4 or charge without first holding a public hearing at
5 which any person, firm or corporation which pays ~~such~~
6 those rates, tolls or charges to the municipal or
7 quasi-municipal water corporations may testify and
8 may question the officials present regarding such
9 proposed increase. The municipal or quasi-municipal
10 water corporation as described in this section shall,
11 at least 14 days prior to the hearing, publish a
12 notice of the proposed rate increase and the hearing
13 including the date, time, place and purpose of the
14 hearing at least twice in a newspaper of general cir-
15 ulation in the area encompassed by the municipal or
16 quasi-municipal water corporation. In addition, each
17 municipal or quasi-municipal water corporation shall
18 give one notice of the proposed rate increase and the
19 date, time and place of the hearing to each of its
20 ratepayers. At the commencement of each hearing held
21 pursuant to this section, the municipal or
22 quasi-municipal water corporation shall inform those
23 present that the rate increase may be investigated by
24 the Public Utilities Commission in accordance with
25 this section. The water utility shall file its
26 changed rates with the commission within 30 days of
27 the public hearing, but not sooner than 10 days fol-
28 lowing the public hearing.

29 Subject to the notice and waiver requirements of
30 section 64, water utilities electing to set rates
31 under this section may establish an effective date
32 for any rate change of at least one month, but not
33 more than 9 months, from the date the rates are filed
34 with the commission.

35 If, on or before the effective date of the rate
36 change within 30 days of the public hearing, 15% of
37 the customers of the municipal or quasi-municipal
38 water corporation or 1,000 customers, whichever is
39 less, file with the treasurer of the corporation and
40 with the Public Utilities Commission petitions
41 demanding a review of the rate changes by the Public
42 Utilities Commission, the rate change may be sus-
43 pended, investigated, reviewed and changed in accor-
44 dance with section 69, except that no suspension
45 order issued by the commission pursuant to section 69

1 may be effective for a period greater than 9 months
2 from the date the rate changes were filed. If the
3 number of signatures on the petitions is 1,000 or if
4 the number of signatures on the petitions equals or
5 exceeds 15% of the customers indicated on the water
6 utility's most recent annual report on file with the
7 Public Utilities Commission, the commission may sus-
8 pend the rate change pursuant to section 69. The
9 commission shall notify the water utility of any such
10 suspension. The water utility shall have 10 days
11 from receipt of notice to notify the commission
12 whether it intends to contest any aspect of the
13 validity of the petitions, after which it shall lose
14 that right. If the water utility notifies the com-
15 mission in a timely fashion that it wishes to contest
16 the validity of the petitions, the commission shall
17 set the matter down for hearing. It shall hold the
18 hearing and issue its decision on the validity of the
19 petitions within 30 days of notification by the water
20 utility that it intends to contest the validity of
21 the petitions. If the commission finds the petitions
22 to be invalid, it shall lift its order of suspension.

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

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

31 Sec. 2. 35 MRSA §73, sub-§§3, 4 and 5, as
32 enacted by PL 1981, c. 438, §5, are amended to read:

33 3. Just and reasonable rates. The governing body
34 shall establish and file rates, tolls or charges
35 which are just and reasonable and which provide reve-
36 nue as may be required to perform its public utility
37 service and to attract necessary capital on just and
38 reasonable terms.

39 4. Uniform rates. The governing body shall
40 establish and file rates which are uniform within the
41 territory supplied whenever the installation and
42 maintenance of mains and the cost of service is sub-

1 stantially uniform. If, for any reason, the cost of
2 construction and maintenance or the cost of service
3 in a section of the territory exceeds the average,
4 the governing body may establish and file higher
5 rates for that section, but these higher rates shall
6 be uniform throughout that section.

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

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

13 B. To provide for the payment of the interest on
14 the indebtedness created or assumed by the util-
15 ity;

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

27 D. To provide for annual principal payments on
28 serial indebtedness created or assumed by the
29 utility; and

30 E. To provide for a contingency reserve fund by
31 providing rates to reflect up to a 5% addition to
32 yearly revenues over what is required to operate
33 the water company, in accordance with section
34 3311.

35 Sec. 3. 35 MRS §3227 is enacted to read:

36 §3227. Legislative amendment of charter

37 Each year, on or before April 15th, the joint
38 standing committee of the Legislature having juris-

