

# MAINE STATE LEGISLATURE

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1 (After Deadline)

2 SECOND REGULAR SESSION  
3

4 ONE HUNDRED AND ELEVENTH LEGISLATURE  
5

6 Legislative Document

No. 1986

7  
8 H.P. 1511

House of Representatives, January 24, 1984

9 Approved for introduction by a majority of the Legislative Council  
10 pursuant to Joint Rule 27.

11 Reference to the Committee on Public Utilities is suggested and ordered  
printed.

EDWIN H. PERT, Clerk

Presented by Representative Vose of Eastport.

12 Cosponsored by Representative Weymouth of West Gardiner.

13 STATE OF MAINE  
14

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

18 AN ACT to Exempt Small Telephone  
19 Companies from Rate Regulation by  
20 the Public Utilities Commission.  
21

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

24 Sec. 1. 35 MRSA §69, as amended by PL 1981, c.  
25 694, §1, is further amended by adding at the end a  
26 new paragraph to read:

27 This section does not apply to telephone compa-  
28 nies within the definition of section 15, subsection  
29 19, and which serves 15,000 or fewer customers, with-  
30 in or without the State, any provision in any charter  
31 notwithstanding. For purposes of this section, tele-  
32 phone companies that are commonly owned or controlled  
33 shall be considered as one company.

34 Sec. 2. 35 MRSA §74 is enacted to read:

1     §74. Telephone companies serving 15,000 or fewer  
2     customers

3     Notwithstanding section 69, telephone companies  
4     within the definition of section 15, subsection 19,  
5     and serving 15,000 or fewer customers, within or  
6     without the State, shall be subject to the suspen-  
7     sion, investigation, hearing and rate substitution  
8     provisions of section 69 under the conditions speci-  
9     fied in this section.

10     Telephone companies, as defined in this section,  
11     shall not file with the commission or increase any  
12     rate, toll or charge without first holding a public  
13     hearing in which any person, firm or corporation  
14     which pays such rates, tolls or charges to the tele-  
15     phone company may testify and may question the offi-  
16     cial's present regarding the proposed increase. The  
17     telephone company, as described in this section,  
18     shall, at least 14 days prior to the hearing, publish  
19     a notice of the date, time, place and purpose of the  
20     hearing in a newspaper of general circulation in the  
21     area encompassed by the telephone company.

22     If, on or before the effective date of the rate  
23     change, 20% of the customers of the telephone company  
24     file with the treasurer of the company and with the  
25     Public Utilities Commission petitions demanding a re-  
26     view of the rate changes by the Public Utilities Com-  
27     mission, the rate change may be suspended, investi-  
28     gated, reviewed and changed in accordance with sec-  
29     tion 69.

30     For purposes of this section, telephone companies  
31     that are commonly owned or controlled shall be con-  
32     sidered as one company.

#### 33                   STATEMENT OF FACT

34     In 1970, there were approximately 25 independent  
35     telephone companies that fall within the category of  
36     this bill. Today there are 12 telephone companies  
37     operating in Maine with 15,000 or fewer customers,  
38     and these companies serve less than 4% of the tele-  
39     phone subscribers in the State. The preservation of  
40     these companies is necessary in order that competi-

1     tion between telephone companies be maintained.  
2     Small independent telephone companies have fewer cus-  
3     tomers who must absorb the cost of regulation, there-  
4     fore, these few customers must pay higher costs when  
5     the telephone company seeks rate relief before the  
6     Public Utilities Commission.

7             Small telephone companies in most instances must  
8     hire additional high priced professional personnel  
9     which include certified public accountants, a profes-  
10    sional engineer and an attorney experienced in rate  
11    cases before the Public Utilities Commission. These  
12    costs increase the total cost of telephone service  
13    and are not in the best interest of the customer.

14            Small telephone companies serve rural areas and  
15    are an integral part of the communities in which they  
16    serve.

17            Management time could best be spent towards im-  
18    proving and maintaining telephone service, especially  
19    when continuing deregulation of the telephone indus-  
20    try by the Federal Communications Commission has  
21    given rise to competition within the telephone indus-  
22    try. Changing technologies require immediate manage-  
23    ment decisions and implementation in order to bring  
24    new and improve services to their customers.

25            Delayed decisions by the Public Utilities Commis-  
26    sion seriously affect the financial stability of  
27    small telephone companies and are not in the best in-  
28    terest of their subscribers.

29            Rate deregulation of small telephone companies  
30    will reduce the work load and costs of the Public  
31    Utilities Commission. The Utility Assessment Fund is  
32    continually growing to allow for the hiring of addi-  
33    tional personnel for the Public Utilities Commission  
34    and the Public Advocate Office. This assessment is  
35    paid by the customer and an exemption as set forth in  
36    this bill would reduce these increases and thereby  
37    reduce telephone costs to the customer.

38            The problems of the small independent telephone  
39    company could be significantly reduced by allowing  
40    small telephone companies to change their rates fol-  
41    lowing a public hearing within the territory they

1 serve provided rate changes may be appealed to the  
2 Public Utilities Commission.

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