

MAINE STATE LEGISLATURE

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1 FIRST REGULAR SESSION
2

3 ONE HUNDRED AND TWELFTH LEGISLATURE
4

5 Legislative Document

No. 334

6
7 S.P. 119

In Senate, January 31, 1985

8 Submitted by the Office of Public Advocate pursuant to Joint Rule 24.
9 Reference to the Committee on Utilities suggested and ordered printed.

10 JOY J. O'BRIEN, Secretary of the Senate

Presented by Senator Baldacci of Penobscot.

11 Cosponsored by Representative Richard of Madison, Representative
Paradis of Old Town and Representative Weymouth of West Gardiner.

12 STATE OF MAINE
13

14 IN THE YEAR OF OUR LORD
15 NINETEEN HUNDRED AND EIGHTY-FIVE
16

17 AN ACT to Simplify and Clarify the Public
18 Utilities Commission's Authority Over
19 Utility Issuance of Stocks, Bonds and
20 Notes.
21

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

24 35 MRSA §171, sub-§§1 and 2 are repealed and the
25 following enacted in their place:

26 1. Conditions precedent to issuance generally.
27 Any public utility, now organized and existing or la-
28 ter incorporated under the laws of this State and do-
29 ing business in the State, may issue stocks, bonds
30 that may be secured by mortgages on its property,
31 franchises or otherwise, notes or other evidence of
32 indebtedness, and which are payable at periods of 12
33 months or more after the date of issuance, only upon
34 commission authorization. The utility's application
35 for authorization shall be in writing, setting forth
36 such information as the commission may require. In

1 determining whether to grant its authorization, the
2 commission may consider the reasonableness of the
3 purpose or purposes to which the proceeds to the is-
4 sue shall be applied, other resources which the util-
5 ity has available or may have available for those
6 purposes, the justness and reasonableness of the cost
7 to the utility of the issue, the effect of the issue
8 upon the utility's capital structure and any other
9 matters that the commission finds consistent with the
10 interests of the utility, its ratepayers and the pub-
11 lic. The commission decision shall be in writing,
12 setting forth the reasons therefor, and shall, if au-
13 thORIZING that issue, specify the respective amounts
14 of stock, bonds, notes or other issuances of indebt-
15 edness that are authorized, as well as the respective
16 purposes to which the proceeds are to be applied. No
17 utility subject to this provision may apply the pro-
18 ceeds to any purpose not specified in the commis-
19 sion's authorization. Every such order authorizing
20 the issue of stock shall, if authorized to be sold at
21 less than its par value, specify a minimum price at
22 which the shares so authorized are to be sold, and
23 any and all shares of stock issued in accordance with
24 that order shall be fully paid stock and not liable
25 to any further call or payment thereon, notwithstand-
26 ing that it may have been authorized for sale at less
27 than its par value. The commission may, at the re-
28 quest of any public utility, approve the issue of
29 stocks or bonds previously authorized but not issued.
30 For the purpose of enabling the commission to deter-
31 mine whether it shall issue such an order, the com-
32 mission shall make inquiries for investigation, hold
33 such hearings and examine such witnesses, books, pa-
34 pers, documents or contracts as it may deem necessary
35 to enable it to reach a determination. No order of
36 the commission authorizing the issue of any stocks,
37 bonds, notes or other evidence of indebtedness may
38 limit or restrict the powers of the commission in de-
39 termining and fixing any rate, fare, toll, charge,
40 classification, schedule or joint rate, as provided
41 in chapters 1 to 17.

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STATEMENT OF FACT

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The bill, governing the issuance of securities by public utilities, was written, primarily, in 1913 and is in need of modernization. This bill simplifies and clarifies the Revised Statutes, Title 35, section 171, and makes clear that the Public Utilities Commission may consider whether the issuance of the securities is in the public good before authorizing that issuance.

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