MAINE STATE LEGISLATURE

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1 2	SECOND REGULAR SESSION
3 4	ONE HUNDRED AND TWELFTH LEGISLATURE
5 6	Legislative Document No. 1674
7	S.P. 649 In Senate, December 17, 1985
9	Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 26. Received by the Secretary of the Senate on December 17, 1985. Referred to the Committee on Utilities and 1,600 ordered printed pursuant to Joint Rule 14. JOY J. O'BRIEN, Secretary of the Senate Presented by Senator Clark of Cumberland. Cosponsored by Representative Vose of Eastport, Representative
11	Weymouth of West Gardiner and Senator Webster of Franklin County.
12 13	STATE OF MAINE
14 15 16	IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-SIX
17 18 19 20	AN ACT to Make Changes in the Reserve Fund for Municipal Water Departments and Quasi-municipal Water Districts.
21 22	Be it enacted by the People of the State of Maine as follows:
23 24	<pre>Sec. 1. 35 MRSA §73, sub-§5, ¶E, as enacted by PL 1981, c. 438, §5, is amended to read:</pre>
25 26 27 28 29 30 31 32	E. To provide for a contingency reserve fund allowance by providing rates to reflect up to a 5% addition to yearly revenues over what is required to operate the water company, in accerdance with section 3311. If this allowance results in an excessive surplus, rates may be set which use the excess to offset future revenue requirements.
33 34	Sec. 2. 35 MRSA §3311, as enacted by PL 1979, c. 455, is repealed.

Sec. 3. Compliance. Any utility which has failed to comply with the Maine Revised Statutes, Title 35, section 3311, shall not be required to act in accordance with that section, but shall be subject to the Maine Revised Statutes, Title 35, section 73, subsection 5, paragraph E.

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STATEMENT OF FACT

This bill clarifies the current statutory provisions governing the creation of a reserve fund for municipal and quasi-municipal water utilities and deletes unreasonable restrictions for the water utili-The Maine Revised Statutes, Title 35, section ties. 3311, authorizes the commission to provide that nicipal and quasi-municipal water utilities may collect rates to establish a contingency fund to be crued by collecting up to an additional 5% in annual revenues. The Maine Revised Statutes, Title 35, 3311, further provides that any revenues coltion lected in excess of the limitations set forth must be transferred to the sinking fund or applied in payment on outstanding debt of a municipal or quasi-municipal water district. Only if the water utility has no sinking fund or outstanding debt may the excess be returned to the customers. This bill deletes the Maine Revised Statutes, Title 35, section 3311, and leaves the general language in the Maine Revised Statutes, Title 35, section 73, thereby allowing the water utility discretion in the application of excess. The exercise of this discretion would be subiect to commission oversight. The purpose of this bill is to remove the inflexible standards in Maine Revised Statutes, Title 35, section 3311, which requires inefficient or uneconomic disposition of any excess revenues; for example, the premature retirement of inexpensive debt.

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