

MAINE STATE LEGISLATURE

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1 SECOND REGULAR SESSION
2

3 ONE HUNDRED AND TWELFTH LEGISLATURE
4

5 Legislative Document

No. 1916

7 S.P. 752

In Senate, January 20, 1986

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

JOY J. O'BRIEN, Secretary of the Senate

10 Presented by Senator Andrews of Cumberland.

Cosponsored by Representative Vose of Eastport, Representative McGowan of Canaan and Senator Baldacci of Penobscot.

11
12 STATE OF MAINE
13

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

17 AN ACT Concerning the Sale Price of Public
18 Utility Property.
19

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

22 35 MRSA §211, as amended by PL 1981, c. 469, §16,
23 is further amended to read:

24 §211. Authorization required

25 Any public utility may sell, lease, assign, mort-
26 gage or otherwise dispose of or encumber the whole or
27 any part of its property necessary or useful in the
28 performance of its duties to the public, or any fran-
29 chise or permit or any right thereunder, or by any
30 means whatsoever, direct or indirect, merge or con-
31 solidate its property, franchises or permits, or any
32 part thereof, with any other public utility when, and
33 not otherwise, it shall have first secured from the
34 commission an order authorizing it to do so. Every
35 such sale, lease, assignment, mortgage, disposition,

1 encumbrance, merger or consolidation made other than
2 in accordance with the order of the commission autho-
3 rizing the same shall be void. The sale, lease, as-
4 signment, mortgage or other disposition or encum-
5 brance of a franchise or permit under this section
6 shall not be construed to revive or validate any
7 lapsed or invalid franchise or permit or to enlarge
8 or add to the powers or privileges contained in the
9 grant of any franchise or permit or to waive any for-
10 feiture. Nothing in this section contained shall be
11 construed to prevent the sale, lease or other dispo-
12 sition by any public utility of property which is not
13 necessary or useful in the performance of its duties
14 to the public, and any sale of its property by such
15 public utility shall be conclusively presumed to have
16 been of property which is not necessary or useful in
17 the performance of its duties to the public, as to
18 any purchaser of such property in good faith for val-
19 ue. Nothing in this section shall apply to property,
20 franchises, permits or rights of any utility owned
21 and operated exclusively outside this State. No pub-
22 lic utility shall purchase or acquire, take or hold
23 any part of the capital stock of any other public
24 utility organized or existing under or by virtue of
25 the laws of this State without having been first au-
26 thorized to do so by the commission. Every assign-
27 ment, transfer, contract or agreement for assignment
28 or transfer of any stock by or through any person or
29 corporation to any corporation or otherwise in viola-
30 tion of any of the provisions of this section shall
31 be void and of no effect; and no such transfer shall
32 be made on the books of any public utility. Nothing
33 herein contained shall be construed to prevent the
34 holding of stock heretofore lawfully acquired or to
35 prevent the acquiring of additional stock by a public
36 utility which now owns a majority of the stock of
37 such other utility. The commission shall not autho-
38 rize a public utility's sale of property necessary or
39 useful in the performance of its duties which is to
40 be made directly or indirectly to another public
41 utility serving or planning to serve the same service
42 territory if the sale price exceeds the original cost
43 of the property less depreciation.

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STATEMENT OF FACT

2 This bill amends the existing law which requires
3 authorization of the Public Utilities Commission for
4 the sale of utility property. The bill prohibits the
5 commission from authorizing a sale of the property to
6 a utility serving the same territory if the sale
7 price exceeds the net book value of the property. The
8 purpose of the bill is to protect utility customers
9 from paying rates which include depreciation of prop-
10 erty on which the same customers have already paid
11 for depreciation.

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