

MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No. 279

H.P. 199

House of Representatives, February 21, 1989

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

A handwritten signature in cursive script that reads "Ed Pert".

EDWIN H. PERT, Clerk

Presented by Representative CLARK of Millinocket.

Cosponsored by Representative ADAMS of Portland, Representative HOLT of
Bath and Representative STROUT of Windham.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-NINE

**An Act to Provide for Rate Adjustments of Consumer-Owned Water
Utilities to Reflect Anticipated Construction Costs.**



1 **Be it enacted by the People of the State of Maine as follows:**

3 **Sec. 1. 35-A MRSA §6105, sub-§4, ¶D,** as enacted by PL 1987, c.
5 141, Pt. A, §6, is amended to read:

7 D. To provide for annual principal payments on serial
9 indebtedness created or assumed by the utility; and

11 **Sec. 2. 35-A MRSA §6105, sub-§4, ¶E,** as amended by PL 1987, c.
13 490, Pt. B, §14, is further amended to read:

15 E. To provide for a contingency reserve fund allowance by
17 providing rates to reflect up to a 5% addition to yearly
19 revenues over what is required to operate the water utility.

21 If this allowance results in an excessive surplus, rates may
23 be set which use the excess to offset future revenue
25 requirements. The commission shall adopt rules which define
27 excessive surplus resulting from the allowance, set forth
29 uses of funds in that portion of the surplus which is not
31 excessive, including the retirement of debt where when
33 economic, and provide that funds in the surplus which are
35 excessive be returned to customers in the form of temporary
37 rate adjustments, credits or reduction in rates; and

39 **Sec. 3. 35-A MRSA §6105, sub-§4, ¶F** is enacted to read:

41 F. To provide for rate adjustments to reflect the cost of
43 anticipated construction of plants or facilities required by
45 the 1986 amendments to the United States Safe Drinking Water
47 Act, Public Law 93-523, provided that rates established
under this paragraph shall not be subject to section 6104.

STATEMENT OF FACT

37 The purpose of this bill is to authorize consumer-owned
39 water utilities to adjust their rates, pursuant to Public
41 Utilities Commission approval, to provide for the phase-in of
43 anticipated construction costs associated with the 1986
45 amendments to the United States Safe Drinking Water Act. At the
47 present time many of the State's water utilities anticipate
significant costs associated with construction of new facilities
required by the recent federal legislation. The present law does
not appear to allow for the phase-in of such costs in advance of
construction.