

MAINE STATE LEGISLATURE

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STATE OF MAINE
SENATE
115TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A " to S.P. 171, L.D. 426, Bill, "An Act to Regulate Water Utility Contingency Reserve Funds"

Amend the bill in section 2 in that part designated "§6111." in subsection 2 by inserting before paragraph A the following:

'A. For utilities with annual revenues of up to \$125,000, the maximum amount is 25% of the most recent year's annual revenues.'

Further amend the bill in section 2 in that part designated "§6111." in subsection 2 by relettering the paragraphs to read consecutively.

Further amend the bill in section 2 in that part designated "§6111." by inserting after subsection 4 the following:

'5. Commission review. If the commission determines that a water utility's contingency reserve fund has reached the maximum that may be accumulated under subsection 2 and that the utility is accumulating in its unappropriated retained earnings account an amount that is inconsistent with just and reasonable rates, the commission may, pursuant to chapter 13, order the utility to reduce its rates to the appropriate level either in the form of temporary rate adjustments, credits or reduction in rates.

6. Public hearing on excesses. If a water utility in each of 3 consecutive years collects through rates under subsection 1 an amount equal to or greater than 7% of the utility's total annual operating expenses, the water utility shall:

A. Immediately notify all of its customers in writing of the over-collection and of the time and place where the utility will hold a public hearing on the matter; and

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B. Hold a public hearing no less than 10 days and no more than 30 days after sending the notice required under paragraph A. During the hearing the water utility shall:

- (1) Detail the extent of the over-collection;
- (2) Provide opportunity for any customer to testify or question the officials on any matter relating to the utility's financial situation; and
- (3) Explain and provide copies of the provisions of section 1302 and section 6104, subsection 7.

FISCAL NOTE

This bill allows the Public Utilities Commission to review and adjust the rates of consumer-owned water utilities when the utility has accumulated a large balance in its unappropriated retained earnings account. The costs associated with the review process can be absorbed within existing resources of the Public Utilities Commission.'

STATEMENT OF FACT

This amendment:

- 1. Provides a contingency fund maximum for water utilities with annual revenues of up to \$125,000 of 25% of the most recent year's annual revenues;
- 2. Specifies that the Public Utilities Commission may reduce the rates of a consumer-owned water utility if it determines that the water utility has reached its maximum contingency reserve fund allowance and that the water utility has an unreasonably large balance in its unappropriated retained earnings account;
- 3. Requires that any water utility that in each of 3 consecutive years actually collects through its annual contingency fund allowance an amount equal to or greater than 7% of the utility's total annual operating expenses shall:
 - A. Notify its customers of the over-collection; and

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COMMITTEE AMENDMENT " A" to S.P. 171, L.D. 426

- 2 B. Hold a public hearing during which the utility shall
3 detail the extent of the over-collection, allow customers
4 the opportunity to testify and to ask questions about the
5 financial situation of the utility and inform the customers
6 of their right to petition for Public Utilities Commission
7 review of the utility's actions; and
8 4. Adds a fiscal note to the bill.

Reported by Senator Cleveland For the Committee on Utilities.
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