

# MAINE STATE LEGISLATURE

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## UTILITIES AND ENERGY

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
124TH LEGISLATURE  
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 950, L.D. 1349, Bill, "An Act To Streamline Ratemaking for Consumer-owned Water Utilities"

Amend the bill by striking out everything after the enacting clause and inserting the following:

**Sec. 1. 35-A MRSA §310, sub-§3, ¶A,** as amended by PL 2007, c. 127, §1, is further amended to read:

A. Municipal or quasi-municipal corporations that are water utilities within the definition of section 102, any provisions in any charter notwithstanding, and that elect to proceed pursuant to the terms of section 6104 or 6104-A, unless by the express terms of section 6104 or 6104-A the provisions of this section are made applicable to those corporations;

**Sec. 2. 35-A MRSA §6104-A** is enacted to read:

**§6104-A. Consumer-owned water utilities; streamlined ratemaking**

**1. Definitions.** As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Large consumer-owned water utility" means a consumer-owned water utility with total annual revenues of at least \$750,000 during the most recent fiscal year.

B. "Medium consumer-owned water utility" means a consumer-owned water utility with total annual revenues of less than \$750,000 and at least \$250,000 during the most recent fiscal year.

C. "Small consumer-owned water utility" means a consumer-owned water utility with total annual revenues of less than \$250,000 during the most recent fiscal year.

**2. Application of this section; qualification; supporting materials.** Notwithstanding section 310 or section 6104, any consumer-owned water utility that meets the requirements of this subsection may elect to increase rates pursuant to this section. To qualify for a rate increase under this section, a consumer-owned water utility

1 must have negative net income in the 2 consecutive fiscal years immediately preceding  
2 the year in which the rate increase is proposed. The consumer-owned water utility must  
3 file with the commission supporting documentation demonstrating the 2 years of negative  
4 net income as provided in this subsection.

5 A. A consumer-owned water utility that is required to file balance sheets under  
6 section 504, shall file copies for the 3 most recent years of the balance sheet together  
7 with other annual financial information the commission may prescribe to be filed  
8 pursuant to section 504, subsection 2, including the operating statement or other  
9 statements showing annual operating income and expenses.

10 B. A consumer-owned water utility that is excused from filing balance sheets  
11 pursuant to section 504, subsection 3 shall file copies for the 3 most recent years of  
12 financial statements from financial audits or reviews of the utility or other  
13 information documenting the operating income and expenses of the utility considered  
14 acceptable by the commission.

15 The consumer-owned water utility shall file its proposed rate increase, in accordance with  
16 the limits established in subsection 3, along with a copy of the required documentation  
17 supporting the proposed rate increase with the commission and the Public Advocate at  
18 least 30 days prior to the public meeting required under subsection 4. A copy of the  
19 required documentation supporting the proposed rate increase must be made available to  
20 customers for examination at the offices of the utility for at least 30 days prior to the  
21 public meeting. The utility shall promptly provide any readily available relevant  
22 additional material or information requested by a customer, the commission or the Public  
23 Advocate.

24 **3. Maximum rate increase.** The maximum rate increase that a consumer-owned  
25 water utility may propose under this section:

26 A. Is 2% of current rates if the utility is a large consumer-owned water utility;

27 B. Is 3.5% of current rates if the utility is a medium consumer-owned water utility;  
28 and

29 C. Is 5% of current rates if the utility is a small consumer-owned water utility.

30 The cumulative total of rate increases under this section may not exceed 10% over 5  
31 years.

32 **4. Utilities that set rates under this section; public meeting required.** Consumer-  
33 owned water utilities that qualify to increase rates under this section may not increase any  
34 rate, toll or charge without first holding a public meeting at which the Public Advocate  
35 and any customer may provide comment and may question the officials present regarding  
36 the proposed rate increase.

37 **5. Notice of proposed rate increase and public meeting.** The consumer-owned  
38 water utility shall, at least 14 days prior to the public meeting required under subsection  
39 4, publish a notice of the proposed rate increase and the meeting, including the date, time,  
40 place and purpose of the meeting, in a newspaper of general circulation in the area  
41 encompassed by the consumer-owned water utility and give one notice of the proposed  
42 rate change and the date, time, place and purpose of the meeting to each of its customers.  
43 The published and individual notices must include a statement describing the amount of

1 the rate increase and the percentage change for each customer class, the customer's right  
2 to request information relating to the present and proposed rates and the availability of  
3 assistance from the Public Advocate. The published and individual notices must inform  
4 customers of the 10-person complaint process under section 1302. Copies of the notice  
5 must be sent to the commission and the Public Advocate at least 14 days prior to the  
6 meeting.

7 **6. Public meeting; vote of governing body; minutes.** At the commencement of  
8 each public meeting held pursuant to this section, the consumer-owned water utility shall  
9 inform those present of the reason for the rate change. Each public meeting held pursuant  
10 to this section must include a public comment period. After the public meeting, the  
11 governing body of the consumer-owned water utility shall hold a meeting to deliberate  
12 and vote on the proposed rate increase, which may be modified on the basis of the public  
13 comment received during the public meeting. The consumer-owned water utility shall  
14 take minutes of the public meeting and the subsequent meeting of the governing body.

15 Within 30 days of the public meeting, the consumer-owned water utility shall file with  
16 the commission and the Public Advocate a copy of the minutes of that meeting, which  
17 must include a record of the public comment received. Within 30 days of the meeting of  
18 the governing body of the consumer-owned water utility held under this subsection, the  
19 consumer-owned water utility shall file with the commission and the Public Advocate a  
20 copy of the minutes of that meeting, which must include the vote of the governing body,  
21 along with responses of the governing body to the public comment received. A copy of  
22 the minutes of each meeting must be made available to customers for examination at the  
23 offices of the utility.

24 **7. Filing changed rates.** The consumer-owned water utility shall file its changed  
25 rates with the commission within 30 days of the vote of the governing body of the  
26 consumer-owned water utility under subsection 6, but not sooner than 10 days following  
27 the vote.

28 **8. Effective date established for rate change.** Subject to the notice and waiver  
29 requirements of section 307, consumer-owned water utilities electing to set rates under  
30 this section may establish an effective date for a rate change of at least one month, but not  
31 more than 9 months, from the date the rates are filed with the commission under  
32 subsection 7.

33 **9. Review of rates under section 310.** Nothing in this section prohibits a consumer-  
34 owned water utility from petitioning the commission for review pursuant to section 310  
35 or filing a rate change pursuant to section 6104 in the first instance.

36 **10. Correction of errors.** Upon review of a rate filing made pursuant to this  
37 section, the commission may order the consumer-owned water utility to correct  
38 mathematical or clerical errors.'

## 39 SUMMARY

40 This amendment replaces the bill. The amendment allows a consumer-owned water  
41 utility that has negative net income in 2 consecutive fiscal years to file for a limited rate  
42 increase under a streamlined process. The rate increase that a consumer-owned water  
43 utility may propose is limited to 2%, 3.5% or 5% of current rates depending on the size of

1 the utility as measured by annual revenues, and the cumulative total of rate increases over  
2 5 years is limited to 10%. Under the streamlined process, a consumer-owned water utility  
3 is required to hold a public meeting regarding the proposed rate increase and provide a  
4 public comment period at that meeting. After the public meeting, the governing body of  
5 the consumer-owned water utility is required to hold a meeting to deliberate and vote on  
6 the proposed rate increase. The consumer-owned water utility is required to record and  
7 file with the Public Utilities Commission minutes of the public meeting and the meeting  
8 of the governing body, which must include a record of the public comment, the vote of  
9 the governing body and responses of the governing body to the public comment received.  
10 The amendment requires the utility to file its changed rates with the commission within  
11 30 days of the vote of the governing body and not sooner than 10 days following the vote.

**FISCAL NOTE REQUIRED**

**(See attached)**



Approved: 05/15/09 *MAC*

# 124th MAINE LEGISLATURE

LD 1349

LR 1555(02)

**An Act To Streamline Ratemaking for Consumer-owned Water Utilities**

**Fiscal Note for Bill as Amended by Committee Amendment "A"**  
**Committee: Utilities and Energy**  
**Fiscal Note Required: Yes**

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## Fiscal Note

Minor cost increase - Other Special Revenue Funds

### Fiscal Detail and Notes

The additional costs to the Public Utilities Commission in assisting with the ratemaking for consumer-owned water utilities can be absorbed within existing budgeted resources.