

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied  
(searchable text may contain some errors and/or omissions)

SMA  
R. 010

Date: 4/27/11

(Filing No. H-126)

**ENERGY, UTILITIES AND TECHNOLOGY**

Reproduced and distributed under the direction of the Clerk of the House.

**STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
125TH LEGISLATURE  
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 668, L.D. 909, Bill, "An Act To Provide Additional Flexibility for the Funding of Infrastructure Improvements by Consumer-owned Water Utilities"

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

**Sec. 1. 35-A MRSA §6104-A, sub-§§2, 3 and 5**, as enacted by PL 2009, c. 237, §2, are amended to read:

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

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

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

The consumer-owned water utility shall file its proposed rate increase, in accordance with the limits established in subsection 3, along with a copy of the required documentation all materials required to be submitted under section 6104, subsection 4-A supporting the

**COMMITTEE AMENDMENT**

R. 8.

1 proposed rate increase with the commission and the Public Advocate at least 30 days  
2 prior to the public meeting required under subsection 4. A copy of the required  
3 ~~documentation~~ materials supporting the proposed rate increase must be made available to  
4 customers for examination at the offices of the utility for at least 30 days prior to the  
5 public meeting. The utility shall promptly provide any readily available relevant  
6 additional material or information requested by a customer, the commission or the Public  
7 Advocate.

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

10 A. Is ~~2%~~ 3% of current rates if the utility is a large consumer-owned water utility.  
11 The cumulative total of rate increases under this paragraph may not exceed 10% over  
12 5 years;

13 B. Is ~~3.5%~~ 5% of current rates if the utility is a medium consumer-owned water  
14 utility. The cumulative total of rate increases under this paragraph may not exceed  
15 15% over 5 years; and

16 C. Is ~~5%~~ 7.5% of current rates if the utility is a small consumer-owned water utility.  
17 The cumulative total of rate increases under this paragraph may not exceed 20% over  
18 5 years.

19 ~~The cumulative total of rate increases under this section may not exceed 10% over 5~~  
20 ~~years.~~

21 **5. Notice of proposed rate increase and public meeting.** The consumer-owned  
22 water utility shall, at least 14 days prior to the public meeting required under subsection  
23 4, publish a notice of the proposed rate increase and the meeting, including the date, time,  
24 place and purpose of the meeting, in a newspaper of general circulation in the area  
25 encompassed by the consumer-owned water utility and give one notice of the proposed  
26 rate change and the date, time, place and purpose of the meeting to each of its customers.  
27 The published and individual notices must include a statement describing the amount of  
28 the rate increase and the percentage change for each customer class, the customer's right  
29 to request information relating to the present and proposed rates and the availability of  
30 assistance from the Public Advocate. ~~The published and individual notices must inform~~  
31 ~~customers of the 10 person complaint process under section 1302.~~ Copies of the notice  
32 must be sent to the commission and the Public Advocate at least 14 days prior to the  
33 meeting.

34 **Sec. 2. Review and report.** The Public Utilities Commission shall convene a  
35 work group that includes representatives of small consumer-owned water utilities and the  
36 Public Advocate to examine ways of ensuring that the capital requirements of these water  
37 utilities are provided for in an adequate and appropriate manner. The commission shall  
38 report the results of the examination and any recommendations for changes to laws to the  
39 Joint Standing Committee on Energy, Utilities and Technology by January 15, 2012. The  
40 Joint Standing Committee on Energy, Utilities and Technology may report out a bill to  
41 the Second Regular Session of the 125th Legislature relating to the subject matter of the  
42 report.'

# COMMITTEE AMENDMENT

R. S.

**SUMMARY**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37

This amendment replaces the concept draft. It modifies the streamlined rate-making process available to consumer-owned water utilities by:

1. Repealing the requirement that to qualify for a rate increase under the streamlined rate-making process, a consumer-owned water utility must have negative net income in the 2 consecutive fiscal years immediately preceding the year in which the rate increase is proposed;

2. Repealing the requirement that a consumer-owned water utility proposing to use the streamlined rate-making process file with the Public Utilities Commission balance sheets or financial statements for the 3 most recent years together with other annual financial information the commission may prescribe;

3. Clarifying that the consumer-owned water utility must file with the Public Utilities Commission and the Public Advocate all materials supporting the rate increase that are required to be filed under the Maine Revised Statutes, Title 35-A, section 6104, subsection 4-A;

4. Repealing the requirement that when the consumer-owned water utility advertises the public meeting on its rate increase the notices must inform customers of the 10-person complaint process under Title 35-A, section 1302; and

5. Increasing the amount of rate increases that may be accomplished through the streamlined rate-making process. Under the amendment:

A. A consumer-owned water utility that has total revenues of at least \$750,000 may increase its rates up to 3% in any single ratemaking and up to 10% over 5 years;

B. A consumer-owned water utility that has total revenues less than \$750,000 but at least \$250,000 may increase its rates up to 5% in any single ratemaking and up to 15% over 5 years; and

C. A consumer-owned water utility that has total revenues of less than \$250,000 may increase its rates up to 7.5% in any single ratemaking and up to 20% over 5 years.

The bill also directs the Public Utilities Commission to convene a work group to examine ways of ensuring that the capital requirements of these water utilities are provided for in an adequate and appropriate manner. The commission shall report the results of the examination and any recommendations for changes to laws to the Joint Standing Committee on Energy, Utilities and Technology by January 15, 2012. The Joint Standing Committee on Energy, Utilities and Technology may report out a bill to the Second Regular Session of the 125th Legislature relating to the subject matter of the report.

**FISCAL NOTE REQUIRED**

(See attached)



Approved: 04/19/11 *MAC*

# 125th MAINE LEGISLATURE

LD 909

LR 1162(02)

**An Act To Provide Additional Flexibility for the Funding of Infrastructure Improvements by  
Consumer-owned Water Utilities**

**Fiscal Note for Bill as Amended by Committee Amendment "A"**

**Committee: Energy, Utilities and Technology**

**Fiscal Note Required: Yes**

---

## Fiscal Note

Minor cost increase - Other Special Revenue Funds

### Fiscal Detail and Notes

Any additional costs to the Public Utilities Commission (PUC) and the Office of Public Advocate for participation in a work group to examine ways of ensuring that capital requirements for certain water utilities are met in an appropriate manner can be absorbed within existing budgeted resources.