

MAINE STATE LEGISLATURE

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Date: 3/29/12

(Filing No. H-852)

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ENERGY, UTILITIES AND TECHNOLOGY

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STATE OF MAINE

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HOUSE OF REPRESENTATIVES

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125TH LEGISLATURE

8

SECOND REGULAR SESSION

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COMMITTEE AMENDMENT "A" to H.P. 1342, L.D. 1820, Bill, "An Act To
10 Implement Recommendations To Provide Additional Flexibility for Funding
11 Infrastructure Improvements for Water Utilities"

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Amend the bill in section 4 in §6107-A by striking out all of the first paragraph (page
13 1, lines 17 to 19 in L.D.) and inserting the following:

14

'Notwithstanding chapter 3, a water utility may fund future infrastructure
15 improvements through recovery in rates and fund completed infrastructure replacement or
16 repairs through the establishment of a surcharge in accordance with this section and rules
17 adopted by the commission. Nothing in this section may be construed to exempt any
18 expenditure by a water utility from review by the commission in accordance with this
19 Title.'

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Amend the bill in section 4 in §6107-A by striking out all of subsections 2 to 5 and
21 inserting the following:

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'2. Commission review of capital reserve account. A water utility shall provide to
23 the commission an annual accounting of all revenues deposited into and expenditures
24 made from the water utility's capital reserve account. Money in the capital reserve
25 account is not considered unappropriated retained earnings for the purpose of section
26 6112, subsection 5.'

27

'3. Infrastructure replacement surcharge. A water utility may establish and file,
28 pursuant to section 307, a temporary surcharge to allow recovery of the costs of
29 completed replacement or repairs of water system infrastructure. The temporary
30 surcharge may continue until the water utility's next rate case under chapter 3 or rate
31 filing pursuant to sections 6104 and 6104-A and in accordance with section 6105.'

32

If a water utility elects to institute an infrastructure replacement surcharge pursuant to this
33 subsection, the water utility shall file the proposed surcharge with a justification for the
34 implementation of the surcharge with the commission no less than 30 days before the
35 effective date of the surcharge. The commission may investigate the surcharge in
36 accordance with section 1303 to determine if the surcharge is just and reasonable. If the

COMMITTEE AMENDMENT

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commission investigates the surcharge, the commission shall make its determination within 75 days of the filing and shall approve the surcharge if it is determined to be just and reasonable and deny the surcharge if it is determined not to be just and reasonable.

4. Limitations. A water utility may not expend amounts collected pursuant to subsection 1 for any purpose other than infrastructure improvements in accordance with this section and rules adopted by the commission.

5. Rules. The commission shall adopt rules to implement this section, including but not limited to rules governing the maximum amount of funds that may be recovered through rates or surcharges under this section, the authorized uses of those funds and reporting requirements and procedures to ensure that this section is being implemented in a manner that is consistent with just and reasonable rate-making principles, including a requirement that utilities submit an infrastructure needs assessment plan when establishing and using a capital reserve account. Rules adopted under this subsection are major substantive rules pursuant to Title 5, chapter 375, subchapter 2-A.'

SUMMARY

This amendment clarifies the Public Utilities Commission's review of a water utility's capital reserve account and requires that, if the commission investigates a water utility's temporary surcharge to determine if it is just and reasonable, the determination must be made within 75 days. The amendment eliminates the requirement that the commission include in rulemaking the types of projects that are eligible for recovery. The amendment requires the commission to require by rule that a plan be submitted if a water utility is going to establish and use a capital reserve account.

FISCAL NOTE REQUIRED
(See attached)



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125th MAINE LEGISLATURE

LD 1820

LR 2765(02)

An Act To Implement Recommendations To Provide Additional Flexibility for Funding Infrastructure Improvements for Water Utilities

Fiscal Note for Bill as Amended by Committee Amendment "A" (H-852)

Committee: Energy, Utilities and Technology

Fiscal Note Required: Yes

Fiscal Note

Minor cost increase - Other Special Revenue Funds

Fiscal Detail and Notes

The bill provides for the implementation of recommendations made by the Public Utilities Commission to provide additional flexibility for funding infrastructure improvements for consumer-owned water utilities. It clarifies the commission's review of the capitol reserve account and requires that when the commission investigates a surcharge, its determination of the just and reasonableness of the surcharge be made within 75 days. Any additional costs to the commission can be absorbed within existing budgeted resources.