



129th MAINE LEGISLATURE

SECOND REGULAR SESSION-2020

Legislative Document

No. 2032

H.P. 1442

House of Representatives, January 14, 2020

An Act To Reduce Financial Burdens on Small Water Utilities

(AFTER DEADLINE)

(EMERGENCY)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 205.

Reference to the Committee on Energy, Utilities and Technology suggested and ordered printed.

R(+ B. Hunt

ROBERT B. HUNT Clerk

Presented by Representative BERRY of Bowdoinham. Cosponsored by Senator HERBIG of Waldo and Representatives: ARATA of New Gloucester, ZEIGLER of Montville, Senator: GUERIN of Penobscot.

- 1 **Emergency preamble. Whereas,** acts and resolves of the Legislature do not 2 become effective until 90 days after adjournment unless enacted as emergencies; and
- 3 **Whereas,** current law requires a small water utility with gross annual revenues of no 4 more than \$50,000 to have an audit performed by an independent certified public 5 accountant for any year the utility seeks a rate adjustment; and
- 6 **Whereas,** this requirement imposes a disproportionate financial burden on these 7 small water utilities that prevents them from seeking an adjustment in rates, which could 8 lead to inadequate revenue for the utility and adversely affect its ability to provide 9 services to its customers; and
- 10 **Whereas,** in order to avoid these adverse consequences, some ability to relieve 11 small water utilities of this burden quickly when appropriate is necessary; and
- Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,
- 16 **Be it enacted by the People of the State of Maine as follows:**
- Sec. 1. 35-A MRSA §505, sub-§1, ¶A, as enacted by PL 2011, c. 77, §1, is
 amended to read:
- A. A qualified small water utility with gross annual revenues of \$50,000 or less shall for any year used as a test year for rate-making purposes cause to be conducted, in accordance with generally accepted auditing standards, an audit of its accounts by an independent certified public accountant licensed to practice in the State. The commission, for good cause shown by the qualified small water utility, may waive the requirements of this paragraph.
- 25 **Emergency clause.** In view of the emergency cited in the preamble, this 26 legislation takes effect when approved.
- 27 SUMMARY

Under current law, a qualified small water utility with gross annual revenues of \$50,000 or less is required to have an independent audit of internal accounts of that water utility performed by a certified public accountant for any year the water utility seeks a rate increase.

This bill allows the Public Utilities Commission to waive that independent audit requirement if the water utility shows good cause as to why the requirement should be waived.