

# MAINE STATE LEGISLATURE

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**LAWS**  
OF THE  
**STATE OF MAINE**  
AS PASSED BY THE

ONE HUNDRED AND TENTH LEGISLATURE

**SECOND SPECIAL SESSION**

September 25, 1981

AND

**THIRD SPECIAL SESSION**

December 9, 1981

AND

**SECOND REGULAR SESSION**

January 6, 1982 to April 13, 1982

AND AT THE

**FOURTH SPECIAL SESSION**

April 28, 1982 to April 29, 1982

AND AT THE

**FIFTH SPECIAL SESSION**

May 13, 1982

PUBLISHED BY THE DIRECTOR OF LEGISLATIVE RESEARCH IN  
ACCORDANCE WITH MAINE REVISED STATUTES ANNOTATED,  
TITLE 3, SECTION 164, SUBSECTION 6.

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J.S. McCarthy Co.  
Augusta, Maine  
1981

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**PUBLIC LAWS**  
OF THE  
**STATE OF MAINE**

AS PASSED AT THE  
SECOND AND THIRD SPECIAL SESSIONS

and

SECOND REGULAR SESSION

and

FOURTH AND FIFTH SPECIAL SESSIONS

of the

ONE HUNDRED AND TENTH LEGISLATURE

1981

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Sec. 8. Effective date. This Act shall take effect on July 1, 1983.

Effective July 1, 1983.

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## CHAPTER 694

H.P. 1959 - L.D. 1932

### AN ACT to Establish Standard Procedures Enabling the Formation of Municipal Power Districts.

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 35 MRSA §69 is amended by adding at the end a new paragraph to read:

This section does not apply to municipal power districts organized in accordance with chapter 241, unless by the express terms of chapter 241 the provisions of this section are made applicable to those districts.

Sec. 2. 35 MRSA c. 241 is enacted to read:

#### CHAPTER 241

#### MUNICIPAL POWER DISTRICTS

##### §2951. Short title

This chapter may be cited as the "Municipal Power District Enabling Act."

##### §2952. Purpose

The purpose of each municipal power district formed under this chapter is to generate, supply or extend the efficient use of electric energy for public purposes and for the health, welfare, comfort and convenience of the inhabitants of the district.

##### §2953. Formation of district

A municipal power district may be formed under the following provisions.

1. By municipal officers. The municipal officers of any municipality may, by majority vote, determine that a municipal power district should be established under the terms of this chapter. If they make such a determination, they shall call an election under subsection 3.

2. By petition. Ten percent of the legal voters of a municipality may petition the municipal officers to call an election, under subsection 3, for the purpose of forming a municipal power district.

3. Election. After a determination by the municipal officers, or upon petition in accordance with subsection 2, the municipal officers shall, at the next regular election or town meeting, or at a special election or town meeting called and held by them, submit the following question to the legal voters in accordance with their charter or Title 30, section 2061:

"Shall the (name of municipality) Power District be created and incorporated under the Revised Statutes, Title 35, chapter 241?"

4. Favorable vote. If a majority of the legal votes cast on this question favor incorporation, a municipal power district may be created for that municipality under this chapter upon declaration of the vote by the municipal officers, provided that the total number of votes cast for and against the incorporation equals or exceeds 40% of the total votes cast in that municipality for all candidates for Governor at the next previous gubernatorial election. If not, the proposed district is not created at that time. Upon certification of a favorable vote by the municipal officers, the Public Utilities Commission shall approve formation of the district if the commission finds that formation would be in conformance with the requirements of this Title. Upon approval by the commission, the district is created and the commission shall file certification of that approval with the Secretary of State.

#### §2954. Formation of multimember district

Two or more municipalities may form a multimember municipal power district under the following provisions.

1. By municipal officers. The municipal officers of each municipality may, by majority vote, determine that a municipal power district should be established under the terms of this chapter. If the municipal officers of every

municipality involved make such a determination, they shall call an election under subsection 3.

2. Petition. Upon petition of 10% of the legal voters of each municipality, the municipal officers of those municipalities shall call an election, under subsection 2, for the legal voters of their respective municipalities for the purpose of forming a municipal power district.

3. Election. After a determination by the municipal officers or upon petition of the legal voters of each municipality wishing to form a district, the municipal officers shall, at the next regular election or town meeting, or at a special election or town meeting if the petition so requests, submit the following question to the legal voters of their respective municipalities in accordance with their charter or Title 30, section 2061:

"Shall the (names of municipalities) Power District be created and incorporated under the Revised Statutes, Title 35, chapter 241?"

4. Favorable vote. If, in each municipality, a majority of the legal votes cast on this question favor incorporation, a municipal power district may be created for those municipalities under this chapter upon declaration of the vote by the municipal officers, provided that the total number of votes cast in each municipality for and against the incorporation equals or exceeds 40% of the total votes cast in the municipality for all candidates for Governor at the next previous gubernatorial election. Upon certification of a favorable vote by the municipal officers, the Public Utilities Commission shall approve formation of the district if the commission finds that formation would be in conformance with the requirements of this Title. Upon approval by the commission, the district is created and the commission shall file certification of that approval with the Secretary of State.

#### §2955. Existing districts

Any quasi-municipal district organized under the Private and Special Laws which is an electrical company within the meaning of section 15 may reorganize in accordance with this chapter. In addition to the methods of sections 2953 and 2954, the trustees may, by majority vote, petition the municipal officers for an election, and those officers shall hold an election in accordance with those sections.

#### §2956. Organization

A municipal power district shall be organized under the

following provisions.

1. Trustees. Upon formation of a district under section 2953, all the affairs of the district shall be managed by a board of 3 trustees who must be residents of the district. They shall hold office as provided in subsection 2 and until their respective successors are elected and qualified. When any trustee ceases to be a resident of the district, his office as trustee becomes vacant. Trustees are subject to Title 30, section 2251, concerning conflict of interest.

2. Election. Within 60 days after the formation of a district, the municipal officers shall appoint the initial board of trustees, one member for a term of one year, one member for a term of 2 years and one member for a term of 3 years. Thereafter, each year as the term of a trustee expires, the legal voters of the district, at an annual election, shall elect a successor to serve for a full term of 3 years. The annual election shall be held within the district concurrently with the election of the municipal officers. The trustees shall conspicuously post notice of the election in 2 public places within the district, not less than 7 days before the election. Any vacancy in the board shall be filled by the municipal officers for the unexpired term.

3. Meetings. As soon as convenient after each annual election, the trustees shall hold a meeting at the offices of the district, elect a chairman and clerk and adopt a corporate seal. They may choose a treasurer and all other officers and agents for the proper management of the affairs of the district. Other meetings of the trustees may be called by the chairman or by any 2 of the trustees. Trustees shall determine their own compensation. The trustees shall, in the bylaws, determine the number constituting a quorum, but in no event less than half of the total number of trustees.

§2957. Organization of multimember district

A municipal power district formed under section 2954 shall be organized under the following provisions.

1. Trustees. Upon formation of a district under section 2954, all the affairs of the district shall be managed by a board of trustees comprised of 2 trustees from each municipality. Trustees shall be residents of their respective municipalities. They shall hold office as provided in subsection 2 and until their respective successors are elected and qualified. When any trustee ceases to be a resident of his municipality, his office as trustee becomes

vacant. Trustees are subject to Title 30, section 2251.

2. Election. Within 60 days after the formation of a district, the municipal officers of each municipality shall appoint 2 members to the initial board of trustees. The initial members shall agree, or determine by lot, the term of each so that, as nearly as possible, an equal number will serve for one year, an equal number for 2 years and an equal number for 3 years. Thereafter, each year as the term of a trustee expires, the legal voters of that trustee's municipality, at an annual election, shall select a successor to serve for a full term of 3 years. The annual election shall be held concurrently with the election of municipal officers. The trustees shall conspicuously post notice of the election in 2 public places within each municipality of the district, not less than 7 days before the election. Any vacancy in the board shall be filled by the municipal officers for the unexpired term.

3. Meetings. As soon as convenient after each annual election, the trustees shall hold a meeting at the offices of the district, elect a chairman and clerk and adopt a corporate seal. They may choose a treasurer and all other officers and agents for the proper management of the affairs of the district. Other meetings of the trustees may be called by the chairman or by any 3 of the trustees, after prior notice to the public. Trustees shall determine their own compensation, not to exceed \$10 per meeting per trustee. A majority of trustees shall constitute a quorum. The trustees shall conduct public hearings whenever they propose matters affecting rates, bylaws, service, an annual budget or their own compensation.

§2958. Powers of district

A district may:

1. Sue. Sue or be sued in its capacity as a district;
2. Electric energy. Generate, manufacture, purchase, acquire, accumulate, transmit, distribute, sell, supply and dispose of electric energy to individuals and corporations within the district;
3. Assist users. Assist persons who are or will be users of electric energy supplied by the district in making repairs and energy saving improvements to improve energy efficiency in buildings;
4. Acquire plants and equipment. Construct, purchase, lease, equip, maintain and operate electric transmission and distribution lines or systems, electric generating plants,



lands, buildings, structures, dams, equipment and any other real or personal property, tangible or intangible which are deemed necessary, convenient or appropriate to accomplish the purposes of this chapter;

5. Contract. Contract and be contracted with;

6. Gain access. Gain access, through its officers or agents, to all premises served by its transmission lines, poles and wires at all reasonable hours to ascertain the amount of electric power purchased;

7. Borrow money. Issue bonds and notes, including revenue obligation securities as otherwise authorized by this chapter, to such amounts as the Public Utilities Commission may authorize for the purpose of raising the amount required to accomplish the purposes of this chapter. The bonds and notes may be of the date and denomination and payable at such times and places and bear such rate of interest as the district may authorize in accordance with the procedures of section 2959. The district may borrow money temporarily, for periods of less than one year, without vote of the inhabitants, except as provided in this chapter, in amounts which in the judgment of the trustees are necessary to accomplish the purposes of this chapter;

8. Bylaws. Make and enforce bylaws, rules for the conduct of the district affairs and business and for use of its services and facilities; and

9. Other consistent acts. Do and perform any other acts and things which may be necessary, convenient or appropriate to accomplish the purposes of this chapter.

§2959. Issuance of bonds and notes

1. Notice. In the event that the trustees vote to authorize bonds or notes for a period exceeding one year or for acquisition of any plant or equipment, they shall provide notice to the general public of the proposed bond or note issue and the purposes for which the debt is being issued. The notice shall be published at least once in a newspaper having general circulation in the district. The trustees shall give notice to each voter of the district by mail. No such debt may be incurred under the vote of the trustees until the expiration of 7 full days following the date on which the notice was first published and mailed.

2. District approval. The procedure for district approval of the issuance of bonds and notes shall be as follows.

A. For bonds or notes which singly or in the aggregate included in any one financing amount to \$150,000 or more, subject to adjustment relative to 1981 as the base year according to the Annual Consumer Price Index, as published by the appropriate federal agency, the trustees shall call a special district meeting for the purpose of permitting members of the public to express their views concerning the proposed amount of debt. That meeting shall also express approval or disapproval of the proposed amount of debt. If a majority of voters present and voting expresses disapproval of the amount of debt proposed by the trustees, the debt shall not be incurred and the vote of the trustees authorizing it shall be of no effect.

B. The procedure of paragraph A shall also be followed for debts in amounts smaller than the amount specified in paragraph A, if requested by petition of not less than 50 qualified voters of the district, filed with the clerk of the district before the expiration of 7 full days after publication of the public notice required under subsection 1.

#### §2960. Revenue obligation securities

A district created under this chapter shall be deemed a municipality for purposes of Title 10, chapter 110, subchapter IV, with respect to a qualifying electric generating system, electric distribution system, or both. The board of trustees are deemed to be municipal officers for purposes of that subchapter.

#### §2961. Eminent domain

A district may exercise the right of eminent domain under the same conditions and for the same purposes as electric power companies under section 2306. Title to property acquired shall be taken in the name of the district.

#### §2962. Rates

All individuals, firms and corporations, whether private, public or municipal, shall pay to the district the rates established by the trustees for the electricity used by them and the rates shall not be unjustly discriminatory within the district. The rates shall be established in accordance with this chapter and shall provide for the following purposes only:

1. Payment of current expenses of operation and maintenance. To pay the current expenses for operating and maintaining the electric system, including the cost of fuel

and to provide for normal renewals and replacements;

2. Payment of interest indebtedness. To provide for the payment of the interest on the indebtedness created or assumed by the utility;

3. Extinguishment of term indebtedness. To provide each year a sum equal to not less than 2% nor more than 10% of the term indebtedness represented by the issuance of bonds created or assumed by the utility, which sum shall be turned into a sinking fund and there kept to provide for the extinguishment of term indebtedness. The money set aside in this sinking fund shall be devoted to the retirement of the term obligations of the utility and may be invested in such securities as savings banks in the State are allowed to hold; and

4. Principal payments on serial indebtedness. To provide for annual principal payments on serial indebtedness created or assumed by the utility.

§2963. Rate setting

Municipal power districts, which are electric companies within the definition of section 15, shall be subject to the suspension, investigation, hearing and rate substitution provisions of section 69 applicable to electric utilities.

§2964. Quasi-municipal body

A municipal power district formed in accordance with this chapter is a quasi-municipal corporation within the meaning of the laws of this State, including, but not restricted to, Title 36, section 651.

§2965. Existing service areas

No municipal power district may serve as a public utility, as defined in section 15, without consent to serve from the commission in accordance with section 2301.