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January 15, 2012

Honorable Michael Thibodeau, Senate Chair
Honorable Stacey Fitts, House Chair
Energy, Utilities and Technology Committee
115 State House Station
Augusta, Maine 04333

Re: Report Regarding Information on Disconnection of Water Service For Non-Payment of Sewer Service

Dear Senator Thibodeau and Representative Fitts:

During its 2010 session, the Legislature enacted An Act to Streamline Collections for Consumer-owned Consolidated Water and Wastewater Utilities, P.L. 2009, ch. 541. The Act allowed consumer-owned water utilities that also provide sewer services to disconnect water service to a user for nonpayment by that user of the utility's sewer service charges provided the disconnection is done in accordance with the Commission's disconnection rules and Commission approved terms and conditions.

The Act also imposed specific terms and conditions on any consumer-owned water utility authorized to provide sewer services that chose to exercise this authority including requiring annual reports to the Commission regarding disconnections, requiring that the utility provide to the customer certain information about available assistance programs, prohibiting disconnection based on bills for estimated sewer usage and prohibiting disconnection of multi-unit rental facilities greater than 2 units unless the owner occupies one of the units.

Section 2 of the Act, which is in unallocated language, provides that the Commission shall by January 15, 2012, provide a report to the Energy, Utilities and Technology Committee that includes information submitted by consumer-owned water utilities authorized to provide sewer services, pursuant to the terms and conditions required under 35-A MRSA section 6111-C, as well as information on customer complaints to the Commission regarding actions taken by utilities pursuant to this section and any recommendations by the Commission regarding changes to the statute

or other actions to address any issues identified by the Commission. The law became effective March 24, 2010.

On March 31, 2010, the Commission initiated a rulemaking proceeding to establish new consumer protection rules for water utilities. Consumer protection rules for water utilities had previously been part of Chapters 81 and 86 of the Commission's rules which established credit and collection practices for residential and commercial customers applicable to all utilities. Over time, the Commission adopted separate rules for telecommunications carriers and for electric and gas transmission and distribution utilities. Chapter 660 was the latest effort by the Commission to establish specific rules by utility industry. The Commission issued its Order adopting the new rules for water utilities on September 30, 2010. A number of water utilities requested that the effective date be delayed to allow them time to comply with the new rules. The Commission provided additional time and the new rules became effective January 1, 2012.

Section 15 B of Chapter 660 requires that combined water and sewer districts annually provide the Commission with the number of disconnection notices issued per month when the amount overdue included sewer charges, the number of disconnections performed for non-payment per month when the amount overdue included sewer charges, and the number of reconnections following disconnection for non-payment when the amount overdue included sewer charges per month. Water utilities are required to report this information to the Commission for the first time by April 15, 2012. As a result, the Commission does not yet have this information to report to the Committee.

However, with respect to information regarding customer complaints involving disconnections of water for non payment of sewer service, the Commission reviewed information on customer complaints for water utilities that sought to use this authority subsequent to the enactment of PL 2009, ch. 541 (about 15 water utilities) and there have been no CAD complaints. The Commission also reviewed complaints of the three water utilities that had this authority in their charters prior to enactment of P.L. 2009, ch. 541. There were no complaints for the Richmond Utilities District or the Winterport Water District and there has been one complaint with respect to the Portland Water District.[1] The Commission would be happy to report back on this issue again next year, if that would be helpful to the Committee.

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[1]PWD issued an appropriate disconnection notice on April 9, 2010 seeking payment by April 16, for unpaid bills that included sewer charges. PWD's terms and conditions provided that: "[t]he district as a sewer billing agent for several municipalities, may disconnect water service to customers receiving sewer service from those municipalities for non-payment of an undisputed balance, if the total amount overdue is greater than $200.00 and more than 50 days old." The customer made a payment of $200.00 on April 21, that reduced his overdue amount to $149.38, however, the customer was disconnected on April 28. The customer paid the $149.38 to get reconnected then called the Commission's Consumer Assistance Division on April 29 to see whether the disconnection was proper. CAD issued a decision that the disconnection was improper because the customer did not have an overdue balance

If you have any questions regarding this information, please do not hesitate to contact us.

Sincerely,

Thomas L. Welch, Chairman

On behalf of the Chairman and

Vendean V. Vafiades, Commissioner
David Littell, Commissioner
Maine Public Utilities Commission

Attachments
cc: Energy, Utilities and Technology Committee Members
Jean Guzzetti, Legislative Analyst and Jon Clark, Esq., OPLA Deputy Director

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over $200.00, as required pursuant to PWD's terms and conditions, when he was disconnected and CAD ordered PWD to refund the customer the $42.00 reconnection fee.