



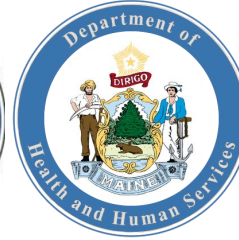
# STRAIGHT FROM THE TAP

Quarterly Newsletter For Maine Water Systems

## Inside this issue:

|                               |         |
|-------------------------------|---------|
| Increasing Water Rates        | Pg. 1-2 |
| FAQ- Lead Service Lines       | Pg. 3   |
| Lead Service Line Inventories | Pg. 4   |
| Funding For Lead Projects     | Pg. 5   |

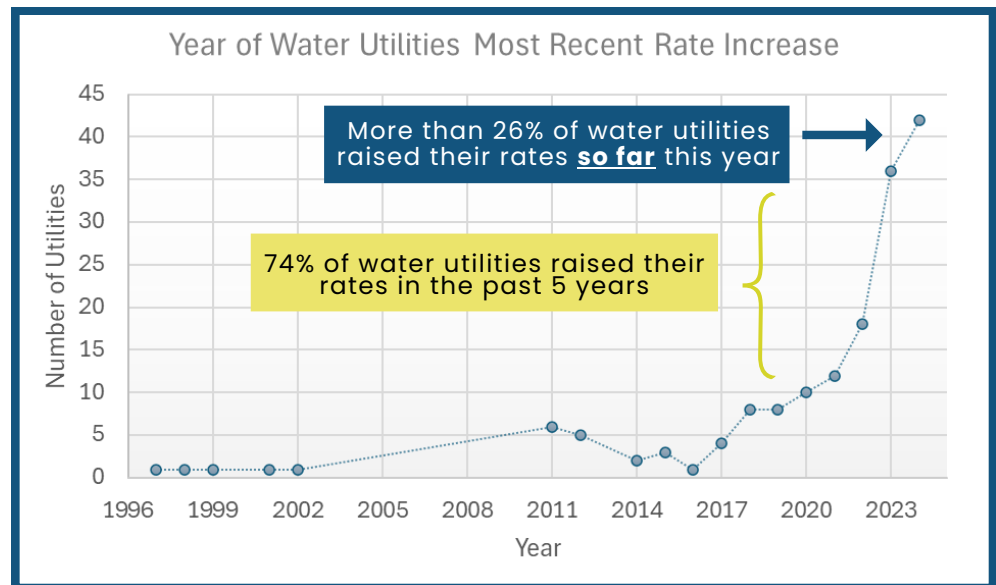
Created in partnership by:



*This newsletter has information for a variety of water systems and not all of them are regulated by the Public Utilities Commission (PUC). Additionally, Information provided by the Drinking Water Program (DWP) doesn't necessarily apply to all water system types.*

## Increasing Rates

Water utilities regulated by the PUC are taking advantage of new streamlined rate increase processes and doing them more frequently to stay on top of their needs. There are still some utilities that haven't had a rate increase for a number of years however. This chart to the right shows the year of utilities' last rate increase.



## Why Increase Rates?

Many water utilities in Maine have historically not kept pace with increasing financial demands, including:

### Rising costs:

- labor
- electricity
- chemicals
- materials

### Aging Infrastructure:

- water mains need replacement
- storage tanks need painting and repairs
- upgrades to treatment plants

### New regulations:

- PFAS treatment requirements
- additional testing
- lead removal

Increased rates may save money. When applying for loans from the Maine Drinking Water Program, having more accurate rates may help you qualify for more principal forgiveness.

## How To Raise Rates

There are 4 mechanisms within the PUC Rules for raising rates. Each option has different parameters and steps to follow.

- **Investor owned utilities** (companies) only have access to a full rate case (§ 307).
- **Consumer owned utilities** (water departments and districts) can choose from any of the 4 rate case options.

Rate cases can be done by water utilities themselves or they can hire a consultant.



Raising rates 1.5 % each year is a good practice to stay on top of utility needs

Keep in mind that each rate case has a minimum timeline to go into effect. Allow ample time for the process (plus additional time incase issues arise) to ensure that rates can be effective on the date you planned for them to be.

## Types of Rate Cases Available

| Rate Case                                                             | <u>§ 6104</u>            | <u>§ 6104-A</u>                                                                            | <u>§ 6104-B</u>                            | <u>§ 307</u>                         |
|-----------------------------------------------------------------------|--------------------------|--------------------------------------------------------------------------------------------|--------------------------------------------|--------------------------------------|
| <b>Description</b>                                                    | Streamlined Rate Case    | Rate Case Without Potential Petition                                                       | ≤ 1.5% Rate Increase                       | Traditional Rate Case                |
| <b>Which Utilities Can Use It?</b>                                    | Consumer Owned Utilities | Consumer Owned Utilities                                                                   | Consumer Owned Utilities                   | Consumer or Investor Owned Utilities |
| <b>Amount of Rate Increase Allowed?</b>                               | No limit                 | Large- 3 % of current rates<br>Medium- 5% of current rates<br>Small- 7.5% of current rates | Up to 1.5% of current total annual revenue | No limit                             |
| <b>Must Provide Notice to PUC and OPA &amp; individual customers?</b> | ✓                        | ✓                                                                                          | ✓                                          | ✓                                    |
| <b>Legal Notice Required?</b>                                         | ✓                        | ✓                                                                                          | ✓                                          | ✓                                    |
| <b>Requires Public Hearing or Meeting?</b>                            | ✓                        | ✓                                                                                          | ✗                                          | ✗                                    |
| <b>Can the Rates Be Petitioned By Customers?</b>                      | ✓                        | ✗                                                                                          | ✗                                          | ✗                                    |

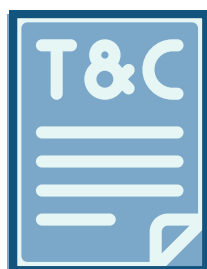
## Frequently Asked Questions:

### LEAD SERVICE LINES



Q- CAN UTILITIES UPDATE THEIR TERMS AND CONDITIONS TO SHOW HAVING A LEAD SERVICE LINE (LSL) IS NOT ACCEPTABLE IN THEIR DISTRIBUTION SYSTEM TO HELP ENCOURAGE THE REPLACEMENT WHEN THEY ARE FOUND?

A-Yes, this can be written into your Terms and Conditions stating that pipes need to be in compliance with state and federal rules as well as plumbing codes.



Q-CAN UTILITIES FINANCE THE REMOVAL OF CUSTOMER OWNED LSL BY OFFERING CUSTOMERS A PAYMENT ARRANGEMENT?

A-Yes this is acceptable.



Q- IF THE CUSTOMER AGREES TO HAVE THE WATER UTILITY REPLACE THEIR LSL, COULD THE REPLACEMENT COST BE ADDED TO THEIR WATER BILL?

A- No. This would likely be considered a “non-basic utility service” because this is jobbing and could be completed by either the utility or another contractor. A utility must either issue a separate bill for non-basic utility service or apply partial payments first to basic charges and then to non-basic charges.



***For more information,  
please reference the following  
Public Utility Commission  
Rules:***

*Consumer Protection Standards*

**CHAPTER 660**

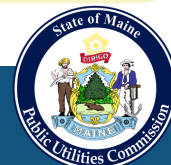
*Service Standards*

**CHAPTER 620**

*Service Line Rule*

**CHAPTER 65**

**Maine Public Utilities Commission**



# LEAD SERVICE LINE INVENTORY AND REMOVAL

EPA has published the Lead and Copper Rule Revision (LCRR) to better protect children and the public from lead exposure by requiring the removal of lead service lines. As part of this, all Community and Non-Transient, Non-Community (NTNC) public water systems must inventory both the private and public portion of every service line in their distribution system this year to identify which lines must be replaced. Inventories are due to the Maine Drinking Water Program (DWP)

**October 16th.** After submitting your service line inventory, customers must be notified of the results no later than **November 15th** and proof of notice must be submitted to the DWP using forms found on the Lead and Copper Rule Revisions page of the [DWP website](#).

While there is funding available to help, systems need to start thinking strategically about the costs associated with their long-term service line replacement plans. Lead lines, along with galvanized lines that may have previously been downstream of lead lines, must be replaced, and any remaining lines of unknown material must be identified. Budgets over the next 10 years could be heavily impacted by the required service line replacement schedules and funding delays could have serious compliance consequences for systems trying to meet deadlines.

Prioritize line identification, proactive service line replacement, and an accurate count of service lines that must be replaced early in the mandated schedule. By including this information in your application to demonstrate need, you'll place yourself in a stronger position when applying for state or federal funding. Save yourself time, money and headache later with a little preparation now!

**Nov 30 2023**

EPA proposed Lead and Copper Rule Improvements (LCRI)

**Oct 16 2024**

Lead Service Line Inventories (LSLI) are due to the DWP

**Nov 15 2024**

Public notices of LSLI results must be sent to customers and the DWP

Maintain an updated inventory of all service lines as identification and replacement continues.

**2034**

100% removal and replacement of lead lines and galvanized lines requiring replacement. No lines of unknown material remaining.

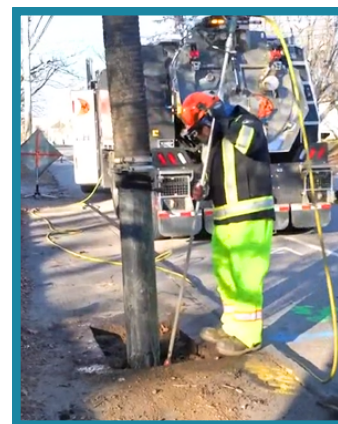
**Maine CDC Drinking Water Program**



# FUNDING FOR LEAD REMOVAL

If your water system found lead or galvanized requiring replacement (GRR) service lines during the course of your Lead Service Line Inventory, DWP's Lead Service Line (LSL) Project Loans may be able to help. These loans are available to all community PWS and have been approved at 0% interest with 55% principal forgiveness for our 2023 cap grant-funded projects. There are no project cost limits, and applications are accepted on a rolling basis until funds are expended.

Eligible costs for LSL project loans include vacuum excavation trucks and trailers, as well as construction expenses relating to the replacement of lead service lines, galvanized service lines downstream of lead, and lead goosenecks, pig-tails, and connectors. Eligible costs for LSL project loans will also include service line material investigations after October 16, 2024, for lines classified as Unknown Material in the initial inventory. If a system has found lead or GRR and received this loan, the utility is required to replace the Private Side with the utility paying all costs. Easements must be in place for funded work on private property. In order to apply for an LSL Project Loan, systems must fill out a DWSRF application.



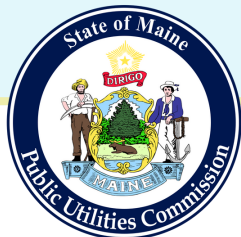
For more information, please visit our website's financial page:

[tinyurl.com/dwppfinance](https://tinyurl.com/dwppfinance)

**For questions about this newsletter or if there is a topic you would like to see covered, please reach out to:**

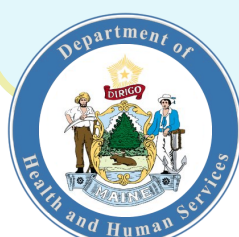
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*This newsletter is intended for informational purposes only. This information is not legal advice and does not set any legal standard. Regulated public utilities must comply with Maine law and regulations and should consult with legal counsel for interpretation of laws and regulations.*