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STATE OF MAINE

ONE HUNDRED AND TWENTY-SECOND LEGISLATURE

COMMITTEE ON UTILITIES AND ENERGY

May 31, 2005

Sharon M. Reishus, Acting Chair
Maine Public Utilities Commission
State House Station 18
Augusta, ME 04333-0018

Dear Commissioner Reishus:

As you know, our committee has voted "ought not to pass" on LD 1051, Resolve, Establishing a Study Commission To Examine Water District Fees Assessed for Fire Suppression. The committee understands the commission has two rules governing fire suppression charges: one governing public fire suppression charges and one governing private fire suppression charges. The committee also understands that private fire protection charges were the subject of considerable commission study in the 1990s. Public fire protection charges, which engendered the concerns that gave rise to LD 1051, raise similar issues of cost allocation; we understand the commission's current rule, Chapter 69, provides two options for determining the allocation: one is "the curve", which provides an estimated allocation based on the capacity burden the public fire suppression demand represents; the other is a full-allocation, cost-of-service calculation.

Given the commission's extensive work on private fire protection charges and the scrutiny that the public fire protection methodology has undergone over the years, the committee determined a new study of these matters was not warranted. However, we do believe there is a need for education so that the methodology and rationale behind public fire protection charges are more clearly understood.

Consequently, we would request that the commission:

1. Develop written materials that explain the methodologies for the calculation and apportionment of public fire protection charges and the rationale for the methodologies;
2. In consultation with the Maine Municipal Association, the Maine Water Utilities Association, and the Maine Rural Water Association, develop and offer to municipalities and

2005 JUN -3 A 8:30
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- water utilities educational seminars to explain the methodologies for the calculation and apportionment of public fire protection charges and the rationale for the methodologies; and
3. Report to the committee by 15 February 2006 the results of the seminars, including any suggestions for alternative methodologies produced by seminar discussions or feedback indicating acceptance of current methodologies.

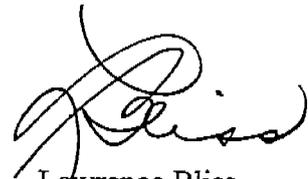
If this process generates recommendations for changes to law, we would request that any draft legislation be submitted to us as early as possible, preferably before cloture for the 2nd Regular Session.

Thank you for your attention to this matter. We look forward to reviewing the commission's report next year.

Sincerely,



Philip L. Bartlett II
Senate Chair



Lawrence Bliss
House Chair

cc: Senator Jonathan Courtney, Sponsor, LD 1051
Members, Joint Standing Committee on Utilities and Energy
Geoff Herman, Maine Municipal Association
Steve Levy, Maine Rural Water Association
Jeff McNelly, Maine Water Utilities Association