

# CONSOLIDATION OF CONSUMER OWNED UTILITIES



MAINE PUBLIC UTILITIES COMMISSION

## Opportunities for Water Districts/Departments

### Background

The Legislature made a statutory change in 2023 that provided significant regulatory relief for consumer owned utilities (COUs) in Maine. This provides a simpler method for small COUs to consolidate operations and services to help defray the increasing costs associated with regulations such as the federal Safe Drinking Water Act. Smaller water utilities do not benefit from the “economies of scale” that larger utilities do. Water utilities can consolidate some of their services (such as meter reading, billing and operator services) which can help them stabilize the cost of providing water to their customers or they can consolidate completely, forming one utility.

### Benefits

Consolidation of water utilities (resources only or complete consolidation) can provide real advantages in terms of improved health and financial equity for rate payers:

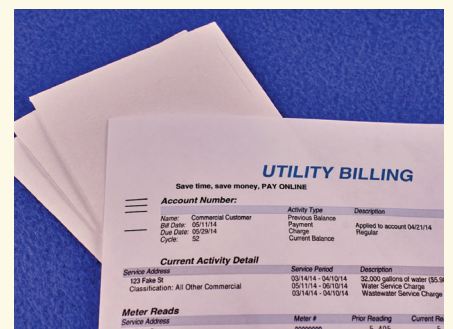
#### Improved Water Quality



#### Proactive Compliance with Rules and Regulations



#### Rate Structure Equitability Improvements

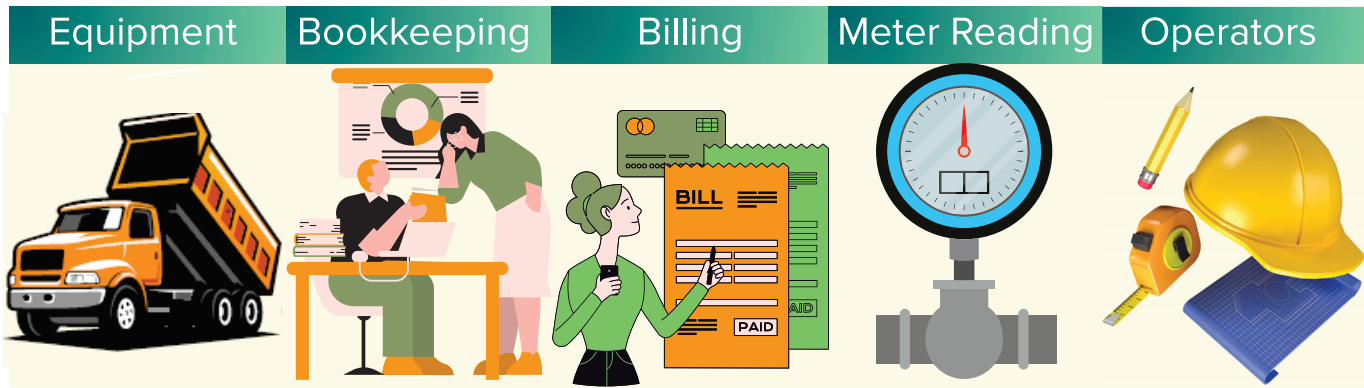


## Resource Consolidation

There are lots of ways a water utility could consolidate services while still maintaining their independence. This collaborative approach can address several challenges that individual water utilities, especially smaller ones, face in their operations and can prove to be mutually beneficial. Here are some ways it can benefit the utilities:

- Enhance efficiency
- Improve service quality
- Reduce costs for all parties

## Examples of resources that can be shared:



By sharing services such as operations, maintenance, equipment or administrative functions, water utilities can achieve economies of scale that would otherwise be unattainable. Shared services can also lead to cost savings through the joint procurement of supplies which may enable utilities to buy in larger quantities. Shared staffing arrangements can also save on costs. These savings can then be passed on to consumers in the form of more stable water rates. Sharing resources, without full consolidation can be done without commission involvement.

## Resilience

Sharing services can enhance the resilience of water utilities when presented with emergencies and unexpected events. By having agreements to support one another, water utilities can ensure a more reliable supply of water even in the face of infrastructure failure, natural disasters, or other disruptions. This cooperation can be particularly crucial in areas prone to events like droughts or floods, where the water supply of one utility can be severely compromised.

## Collaboration

In addition to operational benefits, this collaborative approach can foster a sense of community and shared responsibility among participating water utilities. By working together, these utilities can exchange knowledge, share best practices, innovate and operate more effectively. This can lead to improvements not only in the technical aspects of water distribution but also in customer service, resiliency and redundancy. This collaborative model presents a viable path forward for water utilities seeking to improve their operations and service quality in an increasingly complex and challenging environment.

**For more information, see: [Title 35-A, Chapter 64-A §6431](#)**

# Complete Consolidation

Water utilities can completely consolidate with another water utility to help provide reliable and high-quality water services. Consolidating with another water utility can offer a viable solution to complex challenges and bring about several benefits that enhance operational efficiency and service delivery.

- Such benefits include:**
- Cost savings
  - Resource sharing
  - Stabilizing the cost of water due to a larger customer base

### **Two consolidating utilities do not need to have uniform rates to merge.**

Statutory changes now allow consolidating utilities to **maintain current rate structures**. Over time, utilities can start to normalize rates. Rates are able to be uniform across service areas instead of across the whole district. While the decision to consolidate is significant and requires careful consideration, the potential benefits— financial savings, improved service reliability, and enhanced capacity for long-term planning—make it an attractive option for small water utilities that may be struggling to operate.

## **Charters**

***If two or more water utilities choose to consolidate, the Maine Public Utilities Commission can assist by drafting a report to the legislature on the consolidation of the participating utilities as well as aid in drafting a charter on behalf of the water utility.*** In the event of water utilities consolidating, the PUC can assist in creating a draft charter for the water utility with their input and present it to the legislature. This is a legislative act and will allow the water utilities to combine into one and the updated charter will solidify the legal authority of the new, expanded water utility. Drafting a charter for water utilities is an essential step in ensuring that the management, operation, and maintenance of these utilities are conducted efficiently, sustainability, and in compliance with legal and regulatory frameworks. A well-crafted charter acts as a foundational document, guiding the organization's mission, objectives, governance structures, as well as operational procedures.

**For more information, see: [Title 35-A, Chapter 64-A §6432](#)**

# Contact

**The Maine PUC has a Public Engagement Liaison that can help utilities with this process. Please reach out to Christina Trufant for assistance.**

## **Maine Public Utilities Commission**

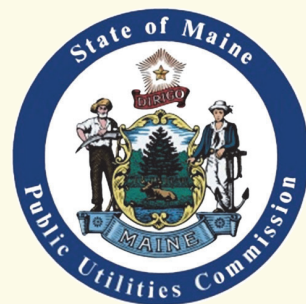
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