

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

Amend the bill by striking out the title and substituting the following:

**'An Act To Modify the Auditing Requirements  
for Certain Small Water Utilities'**

Amend the bill by striking out everything after the enacting clause and before the summary and inserting the following:

'**Sec. 1. 35-A MRSA §505**, as enacted by PL 1987, c. 141, Pt. A, §6, is amended to read:

**§ 505. Audit of accounts**

The commission shall provide for the examination and audit of all accounts and all items ~~shall~~must be allocated to the accounts in the manner prescribed by the commission.

**1. Consumer-owned water utilities.** Except as provided in this subsection, the commission may not require under this section that a qualified small water utility cause to be conducted an annual audit of its accounts. For purposes of this subsection, "qualified small water utility" means a consumer-owned water utility with gross annual revenues that do not exceed \$250,000.

A. A qualified small water utility with gross annual revenues of \$50,000 or less shall for any year used as a test year for rate-making purposes cause to be conducted, in accordance with generally accepted auditing standards, an audit of its accounts by an independent certified public accountant licensed to practice in the State.

B. A qualified small water utility with gross annual revenues greater than \$50,000:

(1) Shall cause to be conducted, in accordance with generally accepted auditing standards, an annual review of its accounts by an independent certified public accountant licensed to practice in the State; and

(2) Not less than once every 5 years and for any year used as a test year for rate-making purposes, shall cause to be conducted, in accordance with generally accepted auditing standards, an audit of its accounts by an independent certified public accountant licensed to practice in the State.

Nothing in this subsection limits or affects any other reporting, review, auditing or other requirement imposed by a creditor of the qualified small water utility or by any other applicable law or government authority.'

**SUMMARY**

This amendment replaces the bill. Under current rules and decisions of the Public Utilities Commission, water utilities with revenues under \$50,000 are exempt from annual auditing requirements otherwise required by the commission pursuant to the Maine Revised Statutes, Title 35-A, section 505. This amendment codifies this existing exemption. The amendment also provides that consumer-owned water utilities with revenues greater than \$50,000 but not exceeding \$250,000 are exempt from commission's annual auditing requirements, but that such water utilities must cause to be conducted, in accordance with generally accepted auditing standards, an annual review of their accounts. Also, not less than once every 5 years and for any year used as a test year for rate-making purposes, such water utilities must cause to be conducted an audit of their accounts. The amendment does not limit or affect any other reporting, review, auditing or other requirement imposed by a creditor of the water utility or by any other applicable law or government authority.