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2 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0002
(207) 287-1400
MAINE RELAY 711

Matthew D. Beck
9 Stone Drive
South Portland, ME 04106
Matt.Beck@legislature.maine.gov
Phone: (207) 799-4025

Testimony of Representative Matthew Beck Presenting

LD 481, An Act to Allow a Water District Created by Special Act of the Legislature to Borrow Money and Issue a Warrant Prior to a Default

Before the Joint Standing Committee on Energy, Utilities and Technology

March 4, 2025

Good afternoon, Senator Lawrence, Representative Sachs, and esteemed colleagues of the Joint Standing Committee on Energy, Utilities and Technology. My name is Matthew Beck, and I have the privilege of representing the people of House District 122, the easternmost section of South Portland.

I am here today to introduce **LD 481, An Act to Allow a Water District Created by Special Act of the Legislature to Borrow Money and Issue a Warrant Prior to a Default.**

It is important to note that while the bill applies to water districts created by the Legislature, most utilize the Bond Bank for their borrowing at this time. Portland Water District, which issues its own bonds, is one of the rare exceptions of a water utility that issues debt.

Portland Water District serves over 200,000 people – 56,000 customers – in 11 Greater Portland communities. They deliver water service to Falmouth, Raymond, Scarborough, South Portland, Standish, and Windham, and provide both water and wastewater service to Cape Elizabeth, Cumberland, Gorham, and Portland, Westbrook. All those member communities are in support of LD 481.

As you can see for yourself in the bill summary, “This bill provides that if a water district, prior to a default in the payment of the principal of or interest on a note, bond or other evidence of indebtedness, makes a determination that the district's anticipated revenues from the normal payment of water charges will not be sufficient to pay the district's anticipated operating expenses, the water district may borrow money to pay the principal and interest and other transaction costs . . .”

Portland Water District is in sound financial condition and may never need to take the steps outlined in this legislation. But having the ability to do so would give them the ability to pay their creditors more quickly.

In the event of default under current circumstances, there could be a delay of up to 18 months in paying their debts as they go through the necessary process. The Bond rating industry sees that as a weakness and it puts downward pressure on their bond ratings. By tapping into an Equity Line of financing, they could immediately satisfy their creditors. That would improve their bond ratings and help them to keep water rates low for their customers.

This bill would NOT allow a water district to pass on their debt to municipalities. It doesn't have any effect on municipalities. It's truly a win-win for everyone.

I urge you to support LD 481 to help keep water rates low for over 200,000 people in Maine. I'm happy to answer any questions you may have or I may defer to some of the experts behind me who are ready to provide further testimony. Thank you.