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Water rate hike for town of Stonington heads to public utilities commission

Plan raises price, lowers amount of water included in base rate

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BY JACK BEAUDOIN



Gail Stinson (left) and Richard Larabee (right) listen as Morgan Eaton describes the challenges businesses will face this summer under a proposed rate hike by the Stonington Water Company. All three spoke at a public hearing on the hike on March 16.

STONINGTON—In an effort to replace its aging pipes, pumps and tower, the Stonington Water Company is moving ahead with a plan that would raise rates by 20 percent for most users while simultaneously lowering the amount of water supplied under the system's minimum charge.

If approved by Maine's Public Utilities Commission, the company's annual budget would grow by nearly 28 percent, from \$368,190 in 2025 to \$469,632. The changes could take effect on July 1.

Select board members, serving as the water company's board of directors, voted 4-1 (with Joseph Rackliff opposed) to send the rate hike to the PUC following a public hearing on March 16. More than a dozen customers attended the hearing, with many acknowledging the need for a capital plan to upgrade the system but also asking for a phased approach to rate hikes.

Mallary Reece noted that the last rate hike—a 25 percent increase—occurred in 2023. "It would be more advantageous to have small annual increases rather than to take a big hit every couple of years," she said.



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John McVeigh (center left) and Bill Gross (center right) questioned the presentation of the water company's proposed rate increase at a March 16 public hearing. They argued that the impact on many residents and businesses would exceed the 20 percent increase stated in plan.

"When you have a system that is a hundred years old, it's going to be expensive to fix," said Annaleis Hafford, an Olver Associates Inc. who serves as manager of the water company. "I didn't expect this to be a happy occasion."

Hafford said the rate increase request was driven by a number of factors, including:

- . keeping up with inflation and the rising costs of labor, power and treatment chemicals.
- . repaying debt for past and current improvements, including main replacements, new generators, drilling new wells.
- . installing new smart meters to better identify leaks and reduce labor costs.
- . paying local matches for grants to replace the School Street water main and the town's aging water tank. "We've been successful in getting these projects 80-90 percent grant-funded," Hafford said. "But there always has to be skin in the game." Hafford also said that the water company has hauled water in three out of the past four years due to recurring drought conditions, at a cost of \$10,000 per truckload. Because drought has historically been unusual, the company's rates did not reflect the need to haul water, but the new rates factor that cost in. It also has to repay the town of Stonington, which loaned the system money to haul the water in the first place. "We can't rely on the town to continue to pay for this," she said, calling regional drought conditions the primary reason for the town's seasonal water shortages. "We need to haul water. That's a fact of life now."

Math problems

Many in the audience challenged the presentation of the rate hike.

"How do you figure it as 20 percent?" former select board chair Richard Larrabee asked. "You have a rate increase of 20 percent, but at the same time you're dropping the minimum from 1200 cubic feet (CF) per quarter to 900 cubic feet."

The quarterly water bill a customer receives typically includes a fee for a minimum amount of water—presently, for the vast majority of customers, that's 1200 CF or about 9,000 gallons. For these customers, Hafford explained, the cost of that minimum amount will rise \$30 per quarter, from \$160 every three months to \$190. Over the course of a year, that's an additional \$120.

But as resident and business owner John McVeigh pointed out, the minimum amount of water that \$190 purchases is also dropping by 25 percent. The net impact of the two changes could significantly exceed the 20 percent figure included in the filing.

Resident Bill Gross agreed. "What I would like to see is what 1,000 CF of water cost me last year, versus what it would cost this year under the proposal," he said. "I think that would be a more transparent way of presenting the increase."

Hafford suggested that the presentation of rates wasn't an attempt to sugarcoat the change. "We are required to say '20 percent' by the PUC," she said, acknowledging the complexity of the changes.

Using Gross's example, however, a customer who uses 1,000 CF in a current quarter pays \$160 for the minimum amount and nothing for overage. Under the new plan, that same customer would pay \$190 for the minimum amount, and an additional \$24 for exceeding the minimum by 100 CF, for a total of \$214 per quarter. That increase of \$54 per quarter is a 33.75 percent increase.

"I would urge you to move forward on the basic rate increase, but not change the minimum usage amount," said resident and business owner Morgan Eaton. "It would be a kinder move (for ratepayers). Otherwise, it is a lot at once."

"I don't think any of us want to see an increase," said select board member Evelyn Duncan. "But we're in the position that we are in because no one wanted to raise rates in the past... The bottom line is that we need 'X' amount of dollars to keep the system running, and if we don't change the usage, we still need to get to that bottom line."

Hafford said that a quarterly 900 CF minimum is "super common" for systems of Stonington's size. Water company employee Gay Atkinson added that data showed that only about five households regularly exceeded 900 CF per quarter, although half the audience indicated that they already did.

Conservation efforts

Hafford also said that year-round Stonington households don't consume a lot of water compared to other places in the state. Even in the summer, when seasonal residents are present, usage isn't the main culprit behind shortages. Instead, she blamed "unknown water loss"—essentially, leaks in the system—and a changing climate.

"It's seasonal, it's drought and it's a difficult system to run" in its present condition, Hafford said. "It's a shame that people can't water their yards as they want. But we are trying to make it better."

Resident Julie Moringello asked if there were conservation programs available to homeowners to help reduce usage—perhaps the equivalent, she said, of a home energy audit supported by Efficiency Maine.

"Maybe we could make a better effort to educating seasonal residents about the fragility of our system," Gross added. He suggested holding a summertime town meeting to keep part-time residents, who care about Stonington, better informed.

Business owners said they ran into challenges because when water is scarce, out-of-town visitors are numerous. Gail Stinson, who owns Harbor View Market and Stonecutters Kitchen, said visitors come in to use her bathrooms throughout the summer, while pleasure boaters tying up at the public landing at Hagen Dock fill their water jugs at her spigot without even asking.

"As a business owner, it's hard," she said. Rising costs all year-long are making it more difficult for her and others to keep the lights on year-round.

Next steps

The board voted once the public hearing was closed. The 4-1 vote empowers Hafford to advance the final filing to the PUC, after a 10-day comment period and before April 15. Hafford said residents could file their own comments directly with the PUC until the 10-day period closes.

At that point, the PUC will rule on the request. If approved, it could go into immediate effect, but Hafford said the plan is to wait until the next billing period which begins on July 1.

Joe Rackliff, who voted against the measure, agreed with residents who complained about the size of the increase in a single year. He said the water company considered four different options, and we would have preferred an alternative that phased the hike across several years.



Stonington Water Company Manager Annaleis Hafford laid out the rate hike proposal and the reasons why the water company needs more revenue at a March 16 public hearing. The plan now heads to the Maine Public Utilities Commission for review. PHOTOS BY JACK BEAUDOIN

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