

Testimony of Jeffrey Ellison in opposition to LD 1646

May 14, 2019

My name is Jeffrey Ellison. I am a resident of Swan's Island, and I am the former general manager of the (former) Swan's Island Electric Cooperative, which is now part of Emera Maine. I am here to speak in opposition to LD 1646.

For many reasons, I believe having the State of Maine take over CMP and Emera Maine is a bad idea. But today, I want to tell the story of the Swan's Island Electric Cooperative and why our coop decided to give up its status as a consumer-owned electric utility and become part of an investor-owned utility.

SIEC is a small co-op with 550 meters on Swan's Island and Long Island (Frenchboro). However, despite our small size, we still needed to maintain our own manager, billing clerk, accounting clerk, line repairman, bucket truck, and auger truck. We also were responsible for financial audits, PUC reporting, employee training, OSHA reporting, and administering a wide range of insurance requirements. Of even greater concern, our primary underwater power link with the mainland was nearing the end of its useful life, and the cost of replacement was estimated at \$2-3 million – which is a substantial sum for such a small utility.

Now, back in 2013, our co-op went to the PUC for a rate increase. The PUC granted the increase, but also told us to explore a merger with a larger utility because our rates were already two times higher than what residents paid on the mainland, and because of the impending capital expenditures we needed to make. We ended up speaking with Emera Maine which had always been helpful to the SIEC when we needed to borrow equipment that we just could not afford. They also did work that was beyond the capability of our line workers.

In 2017, after positive discussions, we agreed to sell all of the SIEC assets to Emera Maine. At the time, we understood that the merger would lower Swan's Island electric bills by 50%, which has come to pass. We also understood that it might take longer to get the power back on after a storm outage. The residents understood the potential costs and benefits and decided to proceed.

It has now been more than a year since the merger, and our experience is that the islanders are not only pleased with greatly reduced electric rates, but they are also very satisfied with Emera Maine's service and response time.

Now, there are obviously many conclusions that can be drawn from this example, but one takeaway is that a group of Maine people benefitted when their electric system moved from a consumer-owned system to an investor-owned system.

For the State of Maine, I also believe that keeping our primary electric grid in the hands of private businesses is smart given their access to capital and ability to innovate and achieve efficiencies. I do not believe that having our critical electric system operated by the State will benefit us.

I appreciate the opportunity to speak with you today, and I hope you will vote not to support LD 1646.