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To: Senator Lawrence, Representative Sachs, and Members of the Committee for Energy Utilities and Technology

From: Bradley Sawyer, Deputy Director

Date: February 6, 2025

Re: Testimony in Opposition to L.D. 241, An Act to Authorize the Public Utilities Commission to Approve Rate Adjustments for Low-income Water Utility Ratepayers

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Senator Lawrence, Representative Sachs, and Members of the Joint Standing Committee on Energy, Utilities, and Technology, thank you for the opportunity to submit testimony today. The Maine Rural Water Association (MRWA) is a member-driven nonprofit organization based in Richmond, dedicated to providing training, technical assistance, and advocacy on behalf of our approximately three hundred members. The majority of our membership consists of water and wastewater utilities from across the state, all of whom are deeply committed to ensuring clean, safe drinking water and protecting the environment through the proper treatment of wastewater.

Maine's consumer-owned water utilities operate as legislatively chartered, quasi-municipal entities governed by community boards, either elected by the public or appointed by municipal officials. These boards meet regularly and have a deep understanding of their communities' needs, as well as the financial realities of managing utility operations. This governance structure is distinct from many of the utilities typically considered by this committee, as consumer-owned utilities operate on a not-for-profit basis, meaning any revenue generated is reinvested into system improvements, rather than distributed as profit.

We would like to acknowledge and thank the former Public Advocate, Mr. Harwood, for his thoughtful engagement on this issue. While we respectfully oppose this legislation, we appreciate his genuine efforts over the past year to understand the industry and its challenges.

The MRWA policy committee carefully considered this proposal and ultimately concluded that a new, legislatively mandated low-income assistance program for water utilities is unnecessary. Notably, the Portland Water District has successfully operated a low-income assistance program for 18 years, even while under full regulation by the Public Utilities Commission. This demonstrates that, should additional utilities wish to implement similar programs, they already have the ability to do so independently.

Our primary concern with this legislation is its fundamental impact on rate structures. Providing reduced rates for some customers necessitates higher rates for others. Many rural utilities in Maine serve small customer bases, where a sizable portion of ratepayers could qualify for low-income assistance. This would shift the financial burden onto a smaller group of customers, many of whom are not necessarily affluent but simply fall outside of the low-income designation. These individuals would receive no additional benefits, only higher bills and an increased share of rising operational costs. We believe that existing state and federal assistance programs designed to help low-income residents with utility expenses remain the most appropriate means of support.

Additionally, many of Maine's utilities operate with minimal staff, sometimes as few as one or two employees, who must manage all aspects of compliance and operations. While we acknowledge that

this legislation proposes a voluntary program, the industry is concerned that if participation were ever to become mandatory, the administrative burden would be unsustainable. Any increase in labor costs to implement such a program would, in turn, result in higher rates for all customers.

In conclusion, we commend the Public Advocate's commitment to protecting Maine residents. We share the same objective, which is why state statute already requires that utility rates be "just and reasonable." Local officials and governing boards are best positioned to determine what works for their communities. If a structured assistance program is needed, precedent has shown that utilities have the ability and flexibility to establish one without additional legislative intervention.