



March 11, 2025

Honorable Mark Lawrence
Honorable Melanie Sachs
Joint Legislative Committee on Energy, Utilities and Technology
100 State House Station
Augusta, ME 04333

Re: Testimony NFNA LD 301, An Act to Allow the Public Utilities Commission to Establish Performance-based Metrics and Rate adjustment Mechanisms for a Public Utility in Any Proceeding

Dear Senator Lawrence, Representative Sachs, and Members of the Committee:

Unitil appreciates the opportunity to provide testimony regarding LD 301. Unitil testifies neither for nor against this amended bill. We hope that our comments are helpful.

About Unitil. Unitil is a natural gas and electric distribution company in Northern New England, serving natural gas customers in Maine as Northern Utilities. Unitil is Maine's largest natural gas distribution company, serving approximately 43,900 customers in the state within the following communities: Auburn, Bangor, Biddeford, Brewer, Bucksport, Cape Elizabeth, Cumberland, Eliot, Falmouth, Gorham, Gray, Kennebunk, Kittery, Lewiston, Lisbon, Lincoln, Lisbon Falls, New Gloucester, North Berwick, Old Orchard Beach, Old Town, Orono, Poland, Portland, Saco, Sanford, Scarborough, Searsport, South Berwick, South Portland, Veazie, Wells, and Westbrook. Unitil and its predecessors have been serving customers in Maine since 1849.

What would LD 301 do? Under LD 301, if enacted, the Maine Public Utilities Commission (PUC) may establish performance-based metrics and rate adjustment mechanisms for a public utility in any proceeding under Title 35-A. The bill further states that the PUC may establish these rates "notwithstanding any provisions of this Title to the contrary."

Comments regarding LD 301. As an initial matter, Unitil believes that the Maine Public Utilities Commission already has the authority to establish performance-based ratemaking as part of this existing authority. However, if the Legislature believes it is necessary to restate this authority, Unitil has no objections. Our primary concern is phrase within the bill that gives the PUC authority to establish performance-based rates "notwithstanding any provision of this Title to the contrary." Taken literally, this phrase could be interpreted to mean that other important ratemaking guidelines in Title 35-A would not be applicable, including core ratemaking principles such as:

- Public utility rates must be "just and reasonable,"
- Rates must serve the "public interest,"
- Rates should be set at a levels ensuring that utility service remains safe and reliable for all.

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We do not believe LD 301 intended to remove adherence to these basic ratemaking tenets, but to avoid any interpretation to the contrary, it would be prudent to make appropriate clarifications in the bill before enactment.

Conclusion. Unitil does not have any concerns with clarifying the ability of the Maine PUC to establish utility rates that reflect performance-based ratemaking standards, provided it is clear that such authority conforms with traditional ratemaking guidelines. If the Legislature believes it is important to move forward with legislation of this type, we urge the Committee to amend the bill accordingly.

Thank you for the opportunity to provide these comments, and please do not hesitate to contact me should you have any questions.

Sincerely,

Alec O'Meara

Director, External Affairs

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cc: James I. Cohen, Verrill Dana, LLP, legislative counsel