



Testimony in Support of LD 2038, “An Act to Require Maine Transmission and Distribution Utility Participation in a Regional Transmission Organization”

January 22, 2026

Senator Lawrence, Representative Sachs, and Committee Members:

My name is Seth Berry, I live in Bowdoinham, and I am the Executive Director of Our Power. Our Power is a small Maine nonprofit that advocates for affordable, reliable, locally-controlled power.

Our Power strongly supports LD 2038. It represents a long-overdue corrective to overinflated transmission profits. These overinflated profits accrue to distant owners of monopoly transmission owners, and they are extracted as monopoly rent on captive customers. We’re grateful to the efforts of the sponsor, the Public Advocate and the Department of Energy Resources to bring this idea forward.

You know well how much is at stake. You have worked hard, in a bipartisan way, to reduce rates on these captive customers. You know that Maine rates are far too high, and Maine will continue to needlessly depend on volatile, imported fuels for our transportation and other energy unless electricity stays cheaper than imported alternatives. Our Power appreciates your often bipartisan work towards affordability.

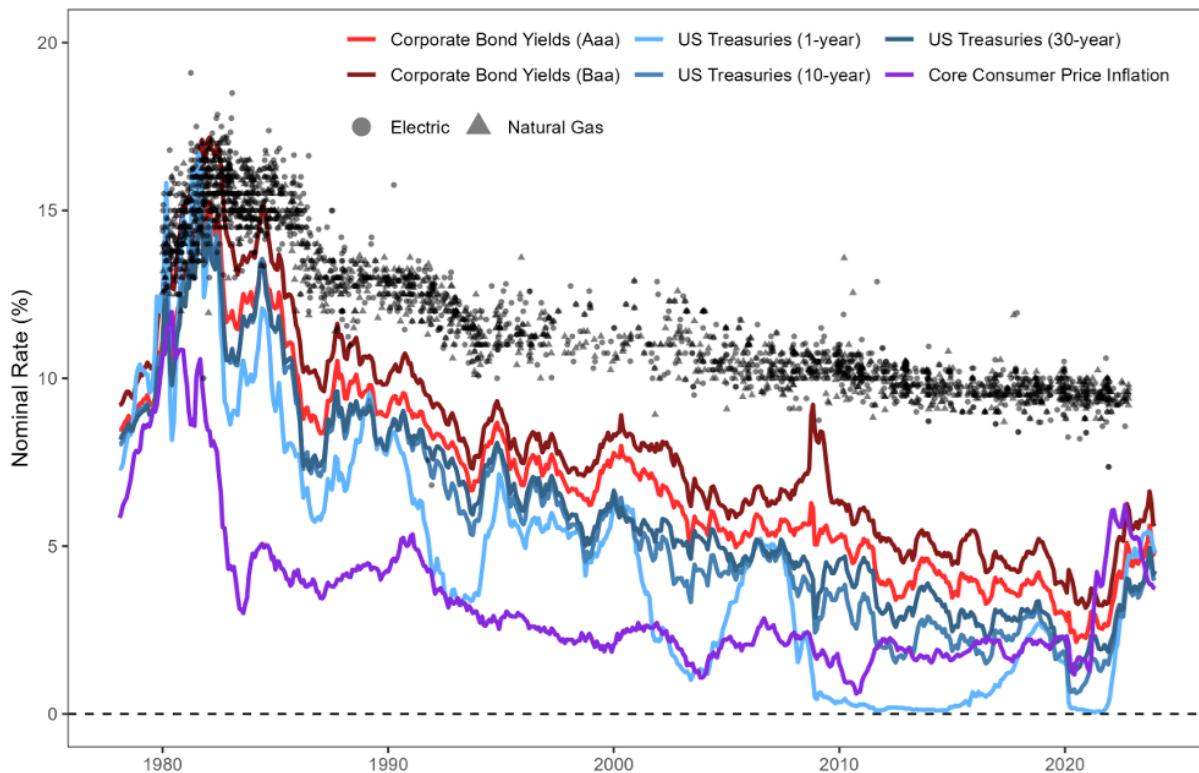
As you also know, regulators set a return on equity (ROE) at the federal level for transmission (T), and at the state level for distribution (D). Here in Maine, the ROE for distribution is at 9.35% for both CMP and Versant. For CMP, it has recently been set as low as 8.25%.

At the same time, former utility executive Mark Ellis and others advise that actual ROE, to represent a fair but not excessive rate of return to shareholders, should be set at closer to 6%. As monopolies, utilities are a very secure investment, which means attracting capital investment is relatively easy.

Adding to this analysis, a recent paper published by the Energy Institute at the Haas School of Business¹ shows a serious divergence between allowed utility ROEs and the actual cost of capital, as seen in corporate bond yields and U.S. treasuries (Fig. 1):

¹ “Rate of Return Regulation Revisited,” Karl Dunkle Werner and Stephen Jarvis. March, 2025, Energy Institute at the Haas School of Business.

Figure 1: Return on Equity and Financial Indicators



For perspective and as an example, a 4% ROE reduction on a \$1 billion network would provide customers a savings of \$40 million per year.

At the federal level, thanks to the excessive influence of utility shareholders, transmission rates are set far higher. For our region, the rate is set at 10.57%. As you have heard, LD 2038 would allow a reduction of 0.5% in this rate.

While this bill will save millions per year if enacted, Maine also stands to save hundreds of millions per year if ROEs for T&D can be rightsized over time to reflect the *actual* capital costs of our investor-owned utilities. Since the 1990s, ROEs have far exceeded the actual cost of equity capital for these highly secure investments. This overdue correction is within the powers of federal and state regulators, but Our Power would also favor well-designed legislation to further bring down allowed T&D ROEs in the future.

Thanks for your time; I am happy to answer any questions you may have.