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**Testimony Neither For Nor Against
LD 542, “An Act to Comprehensively and Equitably Reform Electricity Rates”
March 16, 2023**

Senator Lawrence, Representative Zeigler and distinguished members of the Joint Standing Committee on Energy, Utilities, and Technology,

My name is William Harwood and I am the Public Advocate, here today to testify neither for nor against LD 542, “An Act to Comprehensively and Equitably Reform Electricity Rates.”

LD 542 raises a number of important policy questions. First, how do we assure that utilities are acting in the public interest. For the last hundred years we have required utilities to provide “safe, reasonable and adequate” service. That is a core feature of the so-called regulatory bargain between utilities and the State of Maine. However, before we go too far in holding the utilities accountable for meeting that standard, we have the responsibility to more specifically define what we consider the minimum acceptable level of “safe, reasonable and adequate” service required of utilities. Without some guidance on goals such as “carbon reduction”, we cannot expect utilities to guess at that minimum acceptable level. I am glad that the PUC, in furtherance of this Committee’s important work on LD 1959 last year, is working on providing that guidance and developing the concept of periodic “report cards” to allow the public to better understand how well each utility is performing.

LD 542 also brings up the issue of how to enforce those standards. It suggests that we use the ratemaking process to include rewards or penalties for doing so. While the idea appears meritorious, OPA has serious reservations about adding such additional issues to the already complicated and difficult ratemaking process. Instead OPA favors using the PUC’s existing authority to impose penalties to enforce any violations of the “safe, reasonable and adequate” service standard. In addition, OPA questions why a utility should ever be



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rewarded for simply complying with statutory requirements. And we should be careful not to suggest that simply spending more ratepayer money to provide better service will always be in the public interest. It may well be an imprudent and excessive expenditure that should be disallowed for ratemaking purposes and charged to the utility's shareholders.

OPA also welcomes the bill's suggestion that we look at more closely coordinating T&D rates and SO prices. If TOU rates make sense, we should explore using both the delivery and the supply portions of the utility bill to send the clearest possible price signal to the customer.

Finally, OPA supports the bill's proposal that we take another look at the tariff rate included in the net energy billing program. We think the PUC is in the best position to figure out the appropriate balance between providing a subsidy that will allow solar developers to construct and operate solar projects needed to meet our climate goals but not so high as to burden ratepayers with a subsidy that is higher than needed.

Overall, the OPA welcomes more discussion about service standards, rate design and NEB subsidies. However, given the complexity of these issues, we hope that the details will be left to the expertise to the PUC and their staff.

Thank you for your time, attention, and consideration of this testimony. The Office of the Public Advocate looks forward to working with the Committee on LD 542 and will be available for the work session to assist the Committee in its consideration of this bill.

Respectfully submitted,

A handwritten signature in cursive script that reads "William S. Harwood".

William S. Harwood
Public Advocate