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Janet T. Mills
GOVERNOR

William S. Harwood
PUBLIC ADVOCATE

**Testimony In Support of the Biennial Budget Change Package to
LD 258, “An Act Making Unified Appropriations and Allocations for the
Expenditures of State Government, General Fund and Other Funds, and Changing
Certain Provisions of the Law Necessary to the Proper Operations of State
Government for the Fiscal Years Ending June 30, 2024 and June 30, 2025”**

May 18, 2023

Senator Rotundo, Representative Sachs and distinguished members of the Joint Standing Committee on Appropriations and Financial Affairs,

My name is William Harwood, here today as Public Advocate, to testify in strong support of the Change Package for LD 258, Governor Mills’ proposed biennial budget. In particular, I want to draw your attention to the initiative that you’ll see on page 49 of Part A and the corresponding part SSSS in the Language section. This initiative provides \$15 million in one-time funding for the Low Income Assistance Program (LIAP) to help low income homeowners and renters pay for electricity by providing a credit on their electric bills. As you may recall, the Maine State Housing Authority administers LIAP, so the funds will go into the Authority’s account 0708, as noted in the budget document. Up to \$7.5 million of relief credits will be available for each year of the biennium, and any unused funds leftover on June 30, 2025, will lapse back into the General Fund.

I want to thank Governor Mills for including it in her Change Package. Low-income Maine ratepayers are suffering under the highest electricity costs in history.

With this additional funding, LIAP will be able to expand eligibility to a greater number of low-income Mainers. At the moment, ratepayers who earn up to 75% of the federal poverty guidelines are eligible for LIAP, which, up to now, has been funded exclusively by utility ratepayers. **This proposal represents a 50% increase of the \$15M in funds currently available for LIAP.** The timing of this proposed appropriation could not be better, given recent spikes in electricity costs and the end of the winter disconnection moratorium resulting in a notable increase in disconnection notices over past years.

The 18-member Maine Electricity Advisory Council (a product of the 130th Maine Legislature) recently issued its 2022 Annual Report calling for increased funding for assistance for low-income ratepayer assistance. The Executive Summary of the Council’s Annual Report is



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attached to this testimony. Specifically, the Council has recognized that many low-income ratepayers cannot afford to pay their CMP or Versant bills.

Because electricity is a necessity, a well-established national standard has been developed that no household should be required to spend more than 4% of its household income on electricity. Unfortunately, Maine is falling short of meeting that standard. Compared to other states in New England, Maine ranks last in meeting this standard based on data from 2018. Attached is the OPA's "Affordability Gap" analysis showing the gap between what low-income ratepayers are being charged and what they can afford under the 4% standard.

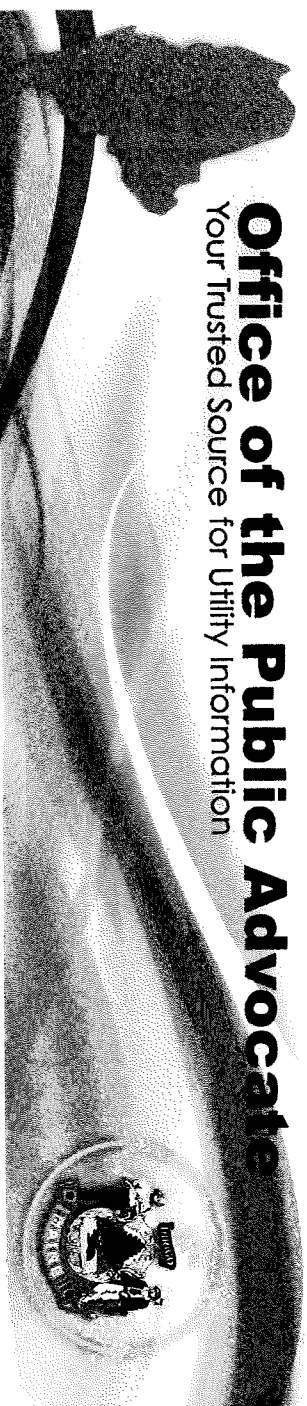
This harsh reality is reflected in the number of calls that offices like ours are receiving from ratepayers who are scared they are on the verge of losing their home and becoming homeless. Offices of United Way of Maine are reporting that calls to their 211 help line seeking help for electricity bills has increased 125% this month, and the United Way is calling this a "widespread utility crisis." This \$15M proposal will go a long way in addressing this crisis, and I urge your support.

Thank you for your time, attention, and consideration of this testimony. The Office of the Public Advocate stands ready to answer any questions or provide any further information you may need as you consider this initiative.

Respectfully submitted,

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

William S. Harwood
Public Advocate



Office of the Public Advocate

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MAINE ELECTRIC RATEPAYER AFFORDABILITY GAP March, 2023

% of Federal Poverty Guidelines (2-Person Household)	Estimated Number of Customers	Average Annual Household Income	Affordability Target: 4% of Income	Average Annual Utility Bill	Funds Needed To Achieve Individual Affordability Target	Total Funds Needed To Achieve Affordability Target
0%—75%	20,400	\$7,395	\$296	\$1,916	\$1,620	\$33,048,000
76%—100%	34,875	\$17,354	\$694	\$1,916	\$1,222	\$42,617,250
101%—125%	6,145	\$22,284	\$891	\$1,916	\$1,025	\$6,298,625
125%—150%	8,580	\$27,214	\$1,089	\$1,916	\$827	\$7,095,660
Total:	70,000					\$89,059,535
				Current LIAP Funding		(\$15,000,000)
				AFFORDABILITY GAP		\$74,059,535

**State Of Maine
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**Electric Ratepayer Advisory Council
Initial Annual Report**

December 1, 2022

I. EXECUTIVE SUMMARY

The Act to Create the Electric Ratepayer Advisory Council, Public Law 2021, chapter 623 (LD 1913), requires an annual report from the Public Advocate to the joint standing committee of the legislature having jurisdiction over utilities and energy matters on the activities and recommendations of the Electric Ratepayer Advisory Council (Council). This document is the initial Council annual report for 2022.

COUNCIL ACTIVITIES

2022 Council activities included:

- The Public Advocate formed the council as specified in the Act.
- The Public Advocate retained SAGE Management Consultants, LLC (SAGE) to assist the Council and draft this report.
- The Council met five times in total for informational presentations, discussions of alternative approaches, and reviewing the draft report.
- Each Council member and staff member, along with several other subject matter experts, were consulted by SAGE for his or her perspective, expertise, interests, and suggestions.

GOALS

The Council recommends seven goals for the electricity assistance programs:

- Fund assistance as much as possible, up to fully funding all low-income ratepayers' assistance needs.
- All low-income ratepayers are offered a chance to participate in the programs.
- Enrollment in the program and annual requalification is easy for the participant.
- If full funding of all assistance needed is not possible, lower income ratepayers would get proportionately greater benefits than higher income ratepayers.
- Reductions in electricity usage are encouraged through energy efficiency education, referrals to energy efficiency programs, and price signals to reduce inefficient usage.
- Program design is administratively efficient; that is, as much assistance funding as possible goes to the participants, rather than to administering the program.
- Alternative funding sources (other than ratepayer) should be explored and implemented.

The Council considered several assistance program alternatives and then developed a set of 2022 recommendations to advance low-income ratepayer assistance towards these goals gradually and incrementally. The recommendations are consistent with Maine policies and initiatives on climate change, beneficial electrification, and clean energy.

INITIAL RECOMMENDATIONS¹

The 2022 Council recommendations are:

Low Income Assistance Program

1. Make Low-Income Assistance Program (LIAP) benefits monthly rather than two lump sum credits per year.
2. Simplify the LIAP benefit from a variable allocated annual dollar credit benefit to a consistent dollar discount on the participant's total monthly bill.
3. Provide higher benefits for lower incomes.
4. Increase Department of Health and Human Services (DHHS) program LIAP eligibility to include DHHS client households with incomes equal to or less than 150% of the federal poverty level.
5. Make LIAP enrollment automatic for DHHS clients with household incomes equal to or less than 150% of the federal poverty level with an opt-out provision.
6. Make LIAP annual requalification automatic in the enrollment month.
7. Set up an annual adjustment mechanism to allow utilities to provide the full specified monthly discounts to each participant even if the total discounts exceed the budgeted funding in that program year.
8. Apply LIAP discounts to current bills, not arrearages; encourage participants with arrearages to join the Arrearage Management Program (AMP).
9. Reconsider the LIAP funding amount when the standard offer rate changes during each program year.

Arrearage Management Program

10. Add LIAP participation as a way to qualify for AMP eligibility.
11. Repeal the sunset of AMP in 2024.
12. Switch the use of expiring net energy billing credits for additional arrearage forgiveness in AMP to additional funding for LIAP.
13. Allow an AMP participant to miss two payments before disqualification.
14. Allow AMP eligibility once every seven years, rather than just once.

Electric Cooperative Unclaimed Capital Credit Refunds

15. Allow the electric cooperatives to keep unclaimed capital credit refunds in their communities to use for local low-income ratepayer assistance, rather than sending them to the Maine treasury.

Energy Efficiency

16. Ensure all electric assistance participants have a clear understanding of the energy efficiency programs available to them.

¹ The recommendations in this report do not necessarily reflect the individual opinions of Council members.

Funding

17. Increase LIAP funding and add new funding sources to the current ratepayer funding of LIAP.

These recommendations are detailed in Chapter V.

TOPICS DEFERRED TO 2023

The Council started work in June 2022 to prepare a report by December 1, 2022. It was necessary to defer some topics for consideration in 2023, including:

- Low-Income Home Energy Assistance Program (LIHEAP).
- Assistance for low-income small businesses.
- Renters who pay for electricity.
- Energy efficiency programs for renters.
- Community solar/net energy billing and credits (will consult with the current working group).
- The electric rates and rate design and projected changes in those rates and the policy goals and other factors contributing to projected changes in those rates.
- Education and outreach efforts regarding electric assistance programs.
- The retail electricity supply market (will consult with other parties working on this issue).
- The winter disconnection moratorium.