



**Testimony Neither For Nor Against LD 1962
An Act to Limit Utility Shut Offs
January 25, 2024**

Senator Lawrence, Representative Zeigler, and distinguished members of the committee, my name is James Cote and I am here on behalf of Versant Power in respectful opposition a few specific provisions contained in the sponsor's amendment to LD 1962 – and in support of a few others – but hopeful that we can work with the Committee to find a path forward on this important issue.

First, we want to thank President Jackson for bringing this bill forward and appreciate his commitment to ensuring that utility customers – and especially low- and moderate-income customers – have every opportunity to maintain their electrical service. While we believe that the current disconnection process generally strikes the appropriate balance between protecting customers who are having difficulty paying their utility bills on one hand and protecting the interests of all other ratepayers on the other, we agree with the sponsor that, especially given emerging challenges associated with more extreme weather, it is prudent for policymakers to consider whether additional measures may be necessary.

Current utility disconnection processes, many of which are mandated by Commission and statutory requirements, seek to utilize disconnection only as a last step. Utilities work very hard to instead steer customers toward the various assistance programs for which they may be eligible based on their income levels wherever possible. Disconnections are largely prohibited during the winter season and may only ever occur after multiple attempts to contact the customer.

As the committee considers this topic, we thought it might be helpful to review current disconnection trends, many of which have been pointing in a more positive direction as we emerge from the elevated levels of economic distress experienced during the COVID pandemic.

For example:

- In 2023, net disconnections as a percentage of disconnection notices were down to 1.43% for Versant Power.

- The company had fewer residential disconnection notices go out in 2023 (48,501) than in 2022 (49,479).
- Versant Power re-connections were 140% higher in 2023 (693) vs. 2022 (289).
- Versant Power has approximately 1,500 more active payment arrangements in good standing at the end of 2023 (9,005) than in 2022 (7,523) which is a 20% improvement year over year.
- AMP program enrollments were up 122% in PY23 at 430 vs. 194 in PY22.

Of course, some customers continue to struggle to pay their utility bills, and we agree with the sponsor that it makes sense to consider what else the legislature and Commission may be able to do to ensure that disconnections are rare and that vulnerable customers are protected.

Regarding Section 1, we would point out that the term “affordability” is open to interpretation and may mean very different things to different customers, regulators or stakeholders. Ensuring that public utility rates themselves are affordable for every customer would likely require significant resources to fill the gap between what may be considered affordable (although, again, this is not a well-defined concept) for some low-income customers and approved utility rates which are designed to pay for safe, reliable, and adequate service for all customers. Instead, Maine and the federal government have traditionally focused on providing assistance (e.g. LIHEAP, LIAP, AMP, etc.) for LMI customers to help them meet this need rather doing so via rate design specifically.

We believe the current regulatory construct of just and reasonable rates appropriately balances the many competing interests at play in utility ratemaking. Alternatively, instead of “affordability,” the Committee may want to explore the concept of equitability, which ensures each customer is treated fairly in the distribution of the costs necessary to provide service.

Regarding Section 2, A(1), Versant Power recognizes that Maine is and will continue to experience more extreme weather, including excess heat and humidity. Because of this, Versant Power is supportive of including a prohibition on disconnections during certain extreme weather conditions. We believe it is important that the conditions triggering such a prohibition be linked to an objective and transparent metric (e.g. certain extreme weather statements made by the National Weather Service) and that there be clarity about how long such a prohibition would last once the threshold is met. We believe it is appropriate for the Commission to establish these requirements via a rulemaking that includes stakeholder input.

Regarding Section 3, 1-B, Versant Power supports ensuring low-income customers have every opportunity to avoid disconnection and get back on a track toward being current on their utility bills. At the same time, we are cognizant that when arrearages go unpaid, that bad debt is ultimately shifted onto all other ratepayers, including those who may be low- or moderate-income themselves.

For these reasons, we do not oppose the provision of the sponsor's amendment which would waive restoration/reconnection fees for LMI customers following a restoration of service. However, we do note that there would be costs associated with implementing this change, either to adjust our billing system or to put manual practices in place, which would be more cumbersome.

We also do not oppose a prohibition on collecting security deposits from qualified LMI customers as a condition of reconnection. We note that current rule only allows utilities to require security deposits when customers have been disconnected at least twice in a recent timeframe (24mo).

Our most significant concern is with Section 4, which would require an in-person visit prior to disconnection. While well intentioned, we believe that this requirement would add unnecessary costs to other ratepayers (especially in a service territory as large as ours), would reduce the efficiencies associated with the advanced metering infrastructure that Versant Power has been deploying, and may well not result in a more effective notice communication.

Current rules require that customers receive a written notice of their rights in the mail, well in advance of any attempt to disconnect. Additionally, phone attempts are made both during and after normal business hours in an attempt to reach customers before any potential disconnection and clearly communicate the options, rights, and tools available.

Finally, we believe work should continue among relevant stakeholders – including the Commission, OPA, utilities, DHHS, Maine Housing and others – to explore additional ways to ensure customers who qualify for utility assistance programs are able to access those funds as easily as possible. We suggest the Committee consider asking the Commission to investigate such options with a goal of maximizing the amount of assistance funding being accessed by eligible Maine customers.

Thank you for your consideration, and we would be happy to provide more information at the work session or participate in any further discussions at your request.