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MAINE WATER UTILITIES ASSOCIATION
Organized In 1925

February 6, 2025

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

Re: *Testimony in Support of LD 241 An Act to Authorize the Public Utilities Commission to Approve Rate Adjustments for Low-income Water Utility Ratepayers*

Dear Senator Lawrence, Representative Sachs, and Members of the Committee on Energy, Utilities and Technology:

The Maine Water Utilities Association (MWUA) appreciates the opportunity to provide testimony in support of LD 241 (including the sponsor's amendment), which allows the Public Utilities Commission to approve low-income assistance programs proposed by water utilities.

About MWUA. MWUA is a nonprofit association based in Augusta that provides support for water works professionals throughout the State of Maine in advocating for safe drinking water through educational and technical programming as well as advocacy on the local, state, and national level. The Association was formed in 1925 and consists of approximately 86 utility and 60 associate members. Maine's water utilities provide service to approximately 700,000 Maine residents, thousands of Maine businesses and public institutions, and millions of visitors to Maine every year.

Background. As part of the 2021 American Rescue Plan Act, Congress created the first of its kind national low-income water and wastewater ratepayer assistance program. Maine received \$4.7 million through this program. Maine State Housing administered the program that benefited more than 1,900 water and wastewater customers in Maine. This program was successful because it (1) didn't shift funds from some ratepayers to others; and (2) the majority of the administrative burden (particularly the burden of determining eligibility) was done by a State agency with experience and resources to manage such a program.

Shortly after the exhaustion of the federal funding for the water and wastewater ratepayer assistance program, the Office of the Public Advocate (OPA) organized a workgroup including representatives from water utilities to discuss the need and opportunities for a low-income water ratepayer assistance program. Since November 2023, this workgroup has met almost monthly. To conduct a more comprehensive evaluation of the need for a low-income program, the OPA hired a consultant to develop a report comparing income levels with water rates at utilities across the State of Maine. This report highlights the extent of the affordability challenge faced by some ratepayers. The proposed legislation, including the amendment proposed by the sponsor, was crafted by the OPA with modifications based upon input from the utilities and other members of the working group.



Discussion. There are 152 public water utilities in Maine. Most of these utilities are consumer or municipally owned with less than a dozen that are privately owned. Except for a handful of larger utilities, Maine water utilities are generally small with a majority having less than 10 employees and many less than 5. For these small utilities, it is not uncommon that a disproportionate number of their customers would meet the criteria for low or moderate income.

Because utilities are locally owned and operated, MWUA continues to be strongly opposed to any low-income program which would require revenue to move from one utility to subsidize another utility. However, as with the case in the proposed legislation, we support a non-mandated opportunity for a utility to create its own low-income program that meets the needs of the community(s) served by the water system. We anticipate that relatively few utilities will have the capacity to create and administer a low-income program. In fact, only the largest water utility in Maine has expressed an interest in having a locally administered low-income assistance program. That utility, the Portland Water District, has had a program for many years and feels this bill would codify what they are already doing, ensuring it is legal under Title 35-A.

The legislation, as written, provides water utilities with another tool in their toolbox to help with affordability concerns within their community. However, we anticipate that most water utilities will not use this tool because they do not have the resources or demographics to make an affordability program work.

Water utilities are aware of the economic challenges faced by their customers. Utilities are frequently providing payment arrangements to customers to help them navigate periods of financial distress. Additionally, utilities direct customers to sources of financial assistance. Lower income customers receive financial assistance from local non-profit organizations (CAP agencies, Salvation Army, churches) and municipalities (general assistance).

Conclusion. Maine's water utilities seek to deliver high quality water at reasonable rates. We support the addition of this authority for utilities to voluntarily work with the PUC to develop a low-income program for their customers. However, any expansion of low-income assistance beyond what is proposed in this bill would need to occur with State or federal funds and be administered by entities other than water utilities. We encourage the committee to vote LD 241, as amended, ought to pass.

Thank you for your consideration,



Mark Vannoy,
MWUA Legislative Committee

cc: Roger Crouse, Chair, MWUA Legislative & Regulatory Affairs Committee
James I. Cohen, Verrill Dana, LLP, Legislative Counsel