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**Testimony of the Maine Public Utilities Commission
In Support Of**

LD 301, An Act to Allow the Public Utilities Commission to Establish Performance-based Metrics and Rate-adjustment Mechanisms for a Public Utility in Any Proceeding

March 6, 2025

Senator Lawrence, Representative Sachs, and Distinguished Members of the Joint Standing Committee on Energy, Utilities, and Technology (Committee), my name is Deirdre Schneider, testifying in support of LD 301, An Act to Allow the Public Utilities Commission to Establish Performance-based Metrics and Rate-adjustment Mechanisms for a Public Utility in Any Proceeding on behalf of the Public Utilities Commission (Commission).

LD 301 would clarify the Commission's authority to establish performance-based metrics and rate-adjustment mechanisms for a public utility in any proceeding.

During the 130th Legislature, Public Law 2021, chapter 702 was enacted requiring the Commission, through rulemaking, to establish minimum service standards for investor-owned transmission and distribution utilities. The Commission, in rule chapter 320, adopted requirements related to quality of service, service interruptions, reliability, customer service, billing performance, customer satisfaction and field services. The first utility report cards were produced in 2024.

In addition to the required minimum service standards, the Commission, in recent rate cases, established additional performance-based requirements for both CMP and Versant Power to ensure that customers realize the benefits of the utilities proposed capital investments. The utilities performance is measured annually, and for any metric that the utility fails to meet, a penalty will be assessed. In the case of CMP, distribution revenues may be adjusted downward annually, with an annual downward adjustment cap of \$8.8 million.¹ For Versant Power for each point deducted² out of 100 points, Versant Power will be required to make a payment of \$300,000 to be credited to customers through Versant's stranded cost rates on an annual basis, with a cap on payments not to exceed \$3 million.³

¹ This includes service quality indices related to frequency and duration of outages, call answering metrics, billing accuracy and the effectiveness of a new automation program.

² Proportional payment will be made for deduction of less than one point, to the tenths of points.

³ This includes service quality indices related to frequency and duration of outages, call answering metrics, billing accuracy and timeliness of fulfilling field service requests.

The Commission intends to utilize performance metrics as a regular feature of rate cases so that customers can be confident their utilities are investing wisely to ensure safe, adequate, and reliable service. The Commission has taken a targeted approach when establishing performance-based metrics in rate cases in order to address specific areas of performance to measure for each individual utility, as the two utilities are not similarly situated.

This bill is intended to address arguments that have been raised in recent rate cases, including the current Versant rate case, that the Commission does have the authority to impose performance-based metrics outside of 35-A M.R.S. § 3195 or through the establishment of minimum service standards. Because recent rate cases in which additional metrics were established were resolved through stipulations, the legal merits of this argument have not been tested.

LD 301 brings helpful clarity to the Commission's authority and provides a valuable tool that the Commission can utilize to ensure that ratepayers are receiving the benefits of investments made by utilities. If promised benefits fail to materialize, ratepayers can be refunded some of the costs of those investments. Moreover, this performance-based approach creates strong incentives for utilities to adapt and quickly change course when a particular investment is not achieving expected improvements for their customers.

I would be happy to answer any questions or provide additional information for the work session.