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TESTIMONY BEFORE THE ENERGY, UTILITIES AND TECHNOLOGY COMMITTEE

An Act Regarding the Energy Policy of the State L.D. 1792

**GOVERNOR'S ENERGY OFFICE
May 15, 2025**

Senator Lawrence, Representative Sachs, and Members of the Joint Standing Committee on Energy, Utilities and Technology (EUT): My name is Caroline Colan, and I am the Legislative Liaison for the Governor's Energy Office (GEO).

The GEO testifies neither for nor against L.D. 1792.

The GEO has monitored Docket No. 2024-00137—the Follow-On Proceeding to Further Investigate Stranded Cost Rate Design—closely over the last year in addition to the handful of prior proceedings opened by the Commission since 2021 which have addressed the rate treatment of net energy billing (NEB) program costs. In several of these proceedings, the Commission has grappled with the ways in which certain portions of the costs associated with NEB are collected from different classes of ratepayers via the stranded cost mechanism, and has found in multiple cases instances of “inherently inequitable” cost recovery practices and made efforts through orders or follow-on dockets to address identified inequities.

These proceedings have demonstrated the ways in which utility rate design is complex and at times contentious. While GEO was not an intervenor in Docket No. 2024-00137, the office wrote to Chair Bartlett in November of 2024 urging the Commission to take immediate steps to address the method by which electric utilities—especially Versant Power—had been directed to collect certain costs from electricity customers, which in GEO's view had “placed an acute burden on some customers, particularly certain businesses.” That letter stated:

“[It] is inequitable and untenable when a change in the way rates are collected results in nearly a dozen large commercial customers of one utility experiencing a doubling of their monthly electricity bill from one month to the next while many other customers in the same class saw monthly bill decreases. We heard concerns about these cost increases from business owners, particularly those in Aroostook County, while traveling across Maine this fall. We understand the Commission has acknowledged the significant challenges created by current cost collection practices and shares the desire to rectify it. We support the Commission's efforts to take immediate steps to address this situation.”



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Ultimately, in April of this year, the Commission made a final decision in the docket on this topic. The stipulation endorsed by L.D. 1792, which was not adopted by the Commission in its final order in Docket No. 2024-00137, proposed a comprehensive overhaul of how stranded costs are recovered which included adjustments to cost allocation intraclass, and proposed additional revenue requirements for the Low-Income Assistance Program.

From GEO's perspective, the stipulation put forward by a diverse group of parties may offer an appropriate solution that addresses some of the inequities of the current rate design which led to the opening of this docket, including by providing significant rate relief to certain large commercial customers. The Commission's Order raises both substantive, as well as procedural, reasons for its rejection of the stipulation.

While we recognize the Legislature may not be limited in their ability to act, they have delegated to the Commission, a quasi-judicial regulatory entity, the authority to adjudicate cases, take testimony, subpoena witnesses and records, and issue decisions and orders based upon the record developed in the case. While individual intervenors in any particular case may not always believe the Commission got it right, the process is established to encourage participation by all affected parties, to consider only information submitted to the record in the case in rendering decisions, and to determine that decisions are both reasonable and in the public interest.

Rate design is complex, and as the Commission's extensive processes in recent years have demonstrated, can be challenging to resolve entirely at once. Passage of this bill as presented does carry the immediate appeal of appearing to resolve the urgent burdens that proponents have articulated both to this Committee and before the Commission. It may also bring new consequences from a precedent standpoint and for other customers who will be impacted by this course change. Whether this particular case merits the Legislature's action – and whether such action is best accomplished through the prescriptive approach provided in this bill – should be carefully weighed.

Thank you for your consideration.

Caroline Colan, Legislative Liaison
Governor's Energy Office