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Maine State Legislature
Sponsor: Senator Mike Tipping
Proposed: Spring 2025
Committee: Energy, Utilities and Technology
130 State House Station
Augusta, ME 04333

Honorable Members of the Committee on Energy, Utilities and Technology:

I come before you today to speak in strong support of the sponsor's amendment to L.D. 1963, which would protect and compensate Maine utility whistleblowers the same way they are protected by federal law at the U.S. Securities and Exchange Commission as well as other programs. But in truth, the group really being protected here is the consumer, ripped off by waste, abuse and inefficiencies that feeds a CAPEX investment model with little oversight.

I speak to you as a relator, and I have the scars to prove it. It is not an experience I would wish on you, or your families, or anyone.

I would like to speak openly and passionately today about my experiences with Avangrid, the owner of CMP and Maine Natural Gas, the New England Clean Energy Connect line, MEPCO, and more. These experiences have profoundly disrupted my life and inflicted considerable hardship upon me and my family. These events have shaped my resolve and underscored the urgent necessity for stronger legislative protections and accountability measures.

I am a former contractor for Avangrid. In that role, I saw wrongdoing costing customers hundreds of millions of dollars. This included a bid-rigging scheme in which I refused to participate. I tried to report it and suffered massive retaliation. For years now, I have dedicated my life and personal resources to this issue.

In November 2021, my company, Security Limits Inc., filed a RICO lawsuit against Avangrid in the Southern District of New York. Avangrid responded aggressively, filing baseless and defamatory lawsuits to damage my company and its reputation to force us out of business. Avangrid was successful, I was forced to rebrand my company and abandon our initial litigation, causing enormous financial strain and emotional distress. After two years of

litigation, the courts recognized Avangrid's lawsuit as a "sham," finding it violated the state's Anti-SLAPP statute. Avangrid's lawsuit against me and my company was dismissed with prejudice with all attorney fees paid; however, the reputational damage is irreparable at this stage.

After its claims were dismissed in New Mexico State Court, Avangrid refiled substantially the same lawsuit in the U.S. District Court for the Southern District of New York (Case No. 1:22-cv-09622-AT) just months later. Avangrid's pattern of procedural abuse has continued in the federal forum, where it now employs delay tactics while simultaneously invoking the statute of limitations—a delay that was caused, in large part, by its own deliberate misuse of the judicial process for strategic advantage. These maneuvers disproportionately impact relators and plaintiffs with limited resources, exemplifying how powerful unethical corporations exploit our judicial system to evade accountability.

The personal toll of this experience cannot be overstated. The emotional, financial, and reputational damages inflicted upon my family have been devastating. Yet rather than given up... I have chosen resilience through my faith in God. I have committed my life savings to building a nearly identical Ironclad Private Cloud Data Center in Latham, NY, demonstrating that such infrastructure can be delivered at a fraction of the cost Avangrid has unjustly charged to ratepayers. The infrastructure is now Live and available to the State of Maine, New York, and Connecticut. I strongly recommend that you assign a state representative to follow up; it will be worth it, I promise.

Further, this troubling situation underscores the critical need for greater transparency and stronger oversight in corporate practices, particularly in regulated industries. The involvement of former Maine Governor Paul LePage as an independent proxy instrumental in Avangrid's privatization is explicitly detailed in the Class Action Lawsuit (Case 1:25-cv-00772-JMF) now pending in the Southern District of New York and has been referenced as an additional RICO predicate in our litigation. We have initiated collaboration talks with the plaintiffs. This alarming revelation, alongside strategic litigation delays orchestrated by Avangrid, such as disqualifying my counsel, Mr. Patrick Bradford of Edward, Bradford and Varlack, under purported conflicts of interest, demonstrates a systemic manipulation of our judicial system. Particularly concerning is that Ms. Camille Joseph Varlack, formerly of that firm, transitioned directly to Avangrid's board while retained a position of Chief of Staff in New York City Mayor Eric Adams' cabinet, and recently promoted to Mayor Deputy for Administration in January 2025 shortly after Avangrid's privatization approval.

THEREFORE,

In addition to the excellent proposal put before you today by Senator Tipping, I strongly urge this legislature to adopt enhanced statutory protections, including:

1. Extended Statute of Limitations and Discovery Window:
 - a. Expand the statute of limitations for relators to fifteen-years for cases involving utilities or companies providing infrastructure services directly or indirectly for the benefit of the State of Maine. This recommendation aims to better reflect the long-term nature of capital expenditure (CAPEX) projects. Given the extensive documentation and complexity often involved, longer statutes of limitations will allow adequate investigation and remedy.
2. Enhanced Immediate Discovery Rights and Protection Against Retaliation:
 - a. Codify explicit provisions that allow relators immediate, expedited access to relevant discovery documents once a complaint is filed, especially in cases involving public utilities and regulated industries, to mitigate retaliatory litigation intended to drain relator resources and delay justice.
3. Depreciation Accountability Clause:
 - a. Introduce a specific FCA provision requiring utilities or regulated entities to transparently report and reimburse ratepayers for any capital equipment purchased but not deployed promptly. The value of unused, underused, or prematurely depreciated assets due to intentional or systemic delays must be credited back to ratepayers, thereby removing unjust enrichment from base rate calculations.
4. Financial Assistance and Anti-Abuse Protection Fund:
 - a. Establish a federal or state-managed "Whistleblower Protection Fund" specifically designed to provide financial assistance and legal resources to whistleblowers targeted by retaliatory lawsuits from financially powerful defendants, ensuring equal footing and reducing intimidation tactics that undermine the FCA's effectiveness.
5. Mandatory Independent Oversight and Compliance Certification:
 - a. As a former certified auditor, we must require regulated entities, particularly utilities subject to public rate setting, to obtain annual independent audits verifying CAPEX expenditures align strictly with approved rate cases, and mandate detailed annual public disclosures certifying compliance. These audits would act as proactive safeguards against systematic procurement fraud, waste, and abuse, while also streamlining discovery in cases where misconduct continues.
6. Litigation Cost Accountability Act for Regulated Utilities:

- a. Amend state utility laws to prohibit regulated entities from recovering litigation expenses associated with negligence, waste and abuse, bad-faith or retaliatory legal actions through ratepayer-funded operating budgets. Under the current regulatory framework, utilities like Avangrid face no financial consequence for prolonging legal disputes. Legal fees and related costs are routinely embedded in OpEx budgets and recovered through base rates approved by MPUC, PURA, and NYDPS, effectively transferring the burden of misconduct to the public. This practice undermines the principles of accountability and should be explicitly barred to ensure that shareholders—not ratepayers—absorb the financial consequences of corporate litigation strategy.

These additional measures will further protect “relators” or “whistleblowers,” deter systemic abuses, and ensure that entities like Avangrid operate transparently and justly. I Urge everyone in the State of Miane to please support yourself and your fellow ratepayers by supporting this bill. Thank you for your careful consideration and decisive action on these crucial matters. I will try to answer questions, but I may be able to offer limited or no comment on matters pending in a court of law.

Respectfully,

Paulo Silva, CEO

Security Limits Inc.