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Testimony of Representative Gary Friedmann in support of
LD 1963, An Act to Protect and Compensate Public Utility Whistleblowers
Before the Joint Standing Committee on Energy, Utilities and Technology

Senator Lawrence, Representative Sachs and honorable members of the Energy, Utilities and Technology Committee, I am Gary Friedmann, representing the towns of Bar Harbor, Lamoine, Mount Desert and the Cranberry Isles. Thank you for providing me with this opportunity to offer my support for the sponsor's amendment to **LD 1963, An Act to Protect and Compensate Public Utility Whistleblowers**.

This bill protects Maine's ratepayers and our environment. Maine's two investor-owned electric utilities have the lowest customer satisfaction ranking in the country and while dividends have hit record highs, their rates have skyrocketed over the past 20 years, and reliability has plummeted.

These are powerful monopolies with the ability to intimidate employees and contractors. This bill encourages and protects employees or contractors who might expose practices that harm ratepayers and pad corporate profits. Let me provide a few examples of my concerns.

Last year, Ohio's Attorney General accused two power company executives of attempting to hijack state electricity policy by bribing an energy regulator with over \$4.3 million in an attempt to bilk \$1.2 billion from electricity customers on behalf of their former employer, First Energy.

In 2023, three lobbyists, along with former Ohio House Speaker Larry Householder, pleaded guilty to or were convicted of federal racketeering charges. Another utility operating in Ohio, American Electric Power, is under investigation by the Securities and Exchange Commission.

"Power is inherently seductive and corrosive," Ohio's AG noted after laying out the alleged plot.

The Ohio scandals are no fluke. They are part of a generational resurgence of fraud and corruption in the utility sector, according to Floodlight, an independent news service, which

analyzed 30 years of corporate prosecutions and federal lawsuits. And it comes at a time when trillions of dollars and the health of the planet are at stake as some power companies embrace — or seek to block — the transition away from fossil fuels toward renewable power supplies.

Over the past five years, at least seven power companies have been accused of fraud or corruption. Seven industry executives have pleaded guilty or been federally indicted, along with a handful of appointed and elected officials.

Utility fraud and corruption have cost electricity customers at least \$6.6 billion, according to Floodlight's analysis. Ratepayers have bankrolled nuclear plants that never got built and transmission systems that were over-engineered to beef up profits.

"The scariest part of this wave of utility scandals is what we don't know: How many utilities have committed crimes that prosecutors haven't noticed?" According to David Pomerantz, executive director of the Energy and Policy Institute, a utility watchdog. "What about schemes that didn't break any obvious laws but extracted more money from customers every month only to pad utility profits, without improving service?" he added.

Please support this bill and its sponsor's amendment to protect Maine from this kind of corporate abuse. It is based on proven federal models and will prevent little problems from becoming big ones.

I am happy to answer any questions.