



STATE OF MAINE
PUBLIC UTILITIES COMMISSION

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Testimony Neither For Nor Against

LD 251 – An Act Regarding Public Utility Assessments, Fees and Penalties

February 23, 2021

Senator Lawrence, Representative Berry, honorable members of the Committee on Energy, Utilities, and Technology, the Public Utilities Commission (Commission) testifies neither for nor against LD 251, *An Act Regarding Public Utility Assessments, Fees and Penalties*.

This legislation requires the Commission to apportion the assessments it establishes for utilities in each utility category in accordance with the share of the Commission's resources devoted to matters related to consumer-owned utilities (COUs) and the share devoted to those of investor-owned utilities (IOUs). Further, the Commission is to include in its Annual Report submitted to the legislature in accordance with Title 35-A, section 120 information about the portion of its resources devoted to COUs and the portion devoted to IOUs, as well as its expenses per dollar of intrastate gross operating revenues for investor-owned and consumer-owned utilities. The Commission would also: (1) be required to report on any filing fees or penalties collected from public utilities in the previous year that have not been adjusted in the previous 5 years and to provide draft legislation to adjust the dollar value of filing fees and penalties based on the actuarially compounded Consumer Price Index for each fee and penalty since the last adjustment; (2) be authorized to order a filing fee of up to .05% of the estimated total value of the reorganization and to require the Commission to order payment of a filing fee equal to .05% of the estimated total value of the reorganization if a reorganization would result in the transfer of ownership and control of a public utility or the parent company of a public utility, beyond the maximum of \$50,000 in current law, and (3) be required to submit legislation for consideration next year to adjust all fees and penalties paid by public utilities based on the actuarially compounded Consumer Price Index for each fee or penalty since enactment.

The following explanation of how the Commission currently apportions assessments on regulated utilities, with a focus on differences between Maine's electric and water utilities, as well as recommendations for clarifications to the legislation, are provided as context that we hope is useful.

Assessments

1. The Commission currently apportions assessments (1) to utility industry sector—e.g., electric, water, natural gas—based on resources devoted to matters in that sector and (2) to each utility within a sector based on annual revenue. The Commission’s costs associated with electric utility matters, for example, are assigned to the electric industry sector. Similarly, costs associated with water utility matters are assigned to the water industry. For 2020, the following chart indicates the percentage of Commission costs assigned to each industry.

Industry	Cost Percentage
Electric	66.65%
Gas	15.05%
Telephone	9.51%
Water	8.76%
Water Carrier	<u>0.03%</u>
Total	100.00%

Upon assigning costs to each industry sector, the Commission allocates costs within the sector by revenue. Utilities with larger revenues would pay a higher share of the costs. By way of example, the following chart details assessments made to the electric industry on May 1, 2020. 96% of the electric industry assessments are paid by the two IOUs, while 4% is paid by the COUs.

Type	Utility	Assessment	Total IOU/COU	% IOU/COU
IOU	CENTRAL MAINE POWER COMPANY	\$4,794,436		
IOU	VERSANT POWER	\$1,588,796	\$6,383,232	96.00%
COU	EASTERN MAINE ELECTRIC CO-OP, INC	\$119,966		
COU	FOX ISLANDS ELECTRIC COOPERATIVE, INC	\$25,462		
COU	HOULTON WATER (ELECTRIC DEPT.)	\$48,776		
COU	ISLE-AU-HAUT ELECTRIC POWER COMPANY	\$1,299		
COU	KENNEBUNK LIGHT & POWER DISTRICT	\$39,059		
COU	MADISON ELECTRIC WORKS	\$18,209		
COU	MATINICUS PLANTATION ELECTRIC CO.	\$1,390		
COU	MONHEGAN PLANTATION POWER DISTRICT	\$4,068		
COU	VAN BUREN LIGHT & POWER DISTRICT	\$7,643	\$265,872	4.00%
	Total Electric T&D	\$6,649,104	\$6,649,104	100.00%

For water utilities, the IOU/COU breakdown is very different. For 2020 13% of the total assessment was paid for by IOUs and 87% by COUs as detailed in the table below. Again, assessments are allocated by revenue and since the COUs have more total revenue than the IOUs, the COUs pay more of the total cost.

Type	# of Water Utilities	% of Assessments	Total Industry Assessment	Average Assessment
Investor Owned	13	13%	\$95,766	\$7,367
Consumer Owned				
Ten Largest	15	53%	\$381,686	\$25,446
Smaller COU's	102	34%	\$255,531	\$2,505
Total	130	100%	\$722,771	\$5,560

Under the provisions of this legislation consumer owned water utilities would likely see assessments increase as the COUs file more cases with the Commission than IOUs and therefore more costs will be apportioned to these COUs.

Given the likelihood of increased assessments for small water utilities, the Committee may want to consider capping year-over-year increases to reduce the impact on these utilities. The Commission would also respectfully suggest that a full year of cost data be compiled before implementation. This would mean the first assessments reflecting costs apportioned to COUs and IOUs would occur in May 2022.

Reorganization Filing Fees

LD 251 amends the filing fee provision of the reorganization approval statute to allow a fee up to .05% of the estimated “total value of the corporation or entity resulting from the proposed reorganization.” This terminology is unclear. The Committee might consider tying the value to the “purchase price” or “transaction value” as determined by the Commission.

In addition, LD 251 states that the Commission “may” order a filing fee, except, that if the reorganization would result in the transfer of ownership and control of the utility or its parent, the Commission “shall” order that a filing fee be paid. The Commission assumes that any filing fee amount that is not used to process the reorganization application will be returned and that no filing fee would be required if it is not needed to process the application. The Commission requests that this provision be clarified.

Adjustment of Fees and Penalties

The Commission would suggest that, in lieu of the Commission proposing legislation in future legislative sessions, moving forward the Commission would include in its Annual Report the calculations of all fees and penalties compounded by the Consumer Price Index since enactment.

Based on the information provided above and given that there would likely be only immaterial changes to COU T&D assessments, the Commission questions whether the additional significant time for internal staff tracking would be justified. We are happy to provide any additional information that would be of assistance to the Committee.

Sincerely,

A handwritten signature in black ink, appearing to read "Garrett Corbin", is enclosed in a white rectangular box.

Garrett Corbin
Legislative Liaison

cc: Energy, Utilities, and Technology Committee Members
Deirdre Schneider, Legislative Analyst