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**May 20, 2021**

**Testimony of Rep. Seth Berry  
Before the Joint Standing Committee on Energy, Utilities and Technology  
Presenting LD 1708, "An Act to Create the Pine Tree Power Company"**

Senator Lawrence and fellow members of the Energy, Utilities and Technology Committee, my name is Seth Berry and I represent House District 55: Bowdoin, Bowdoinham, most of Richmond and beautiful Swan Island on the Kennebec. I appear before you today to introduce LD 1708. The bill's full title is "An Act to Create the Pine Tree Power Company: A Nonprofit Utility to Deliver Lower Rates, Reliability, and Local Control for Maine Clean Energy Independence."

This new, carefully crafted bipartisan bill would go to the voters this year, along with any adjustments the committee may make. It is a big decision, and one that we firmly believe must ultimately be sent to the voters for their final ratification.

LD 1708 will let us control our own money and our own energy destiny. It will let us advance both fast and fairly toward our own clean energy and connectivity future.

The Pine Tree Power Company will restore the power, and the independence, of the people and the businesses of our great state.

Every month, the 800,000 captive combined customers of CMP and Versant pay monopoly rent for the use of a monopoly grid. With Pine Tree Power, we will pay a lower monthly bill. Equally important, it will no longer be a rental payment, but a mortgage payment. We will save money, invest in and improve the grid, and build our own equity.

The bill does not rely on state monies. Like all consumer owned utilities, the company will finance its acquisitions through revenue bonds. The revenue bond market in the U.S. is worth about \$2.4 trillion. If you have a pension, you own revenue bonds. Because revenue bonds are a very secure investment and are tax exempt to both the buyer and the seller, their interest rates are low. This means that for future investments in our grid, we can pay about half the cost we pay now – and be building our own equity ownership as well.

District 55 Bowdoin, Bowdoinham and Richmond (part), plus the unorganized territory of Perkins Island Township

We stand today at an historic crossroads. To succeed in decarbonizing, we will need to depend entirely on a single, monopoly system of poles and wires. So here is the fundamental question before us: what is the right business model to depend on? Based on the 140-year history of electrical utilities, what the right path for the next 140 years?

Chevy's fleet is going all electric. Just yesterday, Ford rolled out its new line of all electric F-150s. What does this mean? It means that if we are successful, if we are to leave a liveable planet for our children, then our entire lives will depend on the electrical grid. The implications are staggering.

Maine's success, as well as the moral example we establish for others, are in our hands at this moment.

Today, only 7% of Maine's emissions come from electricity. To address the other 93%, we must subject ourselves to a total and unabridged dependence on this single set of poles and wires. Upon one single set of “public” poles and wires, and upon the business model we choose for these so-called “public” utilities, depends the future of our children and our grandchildren.

Who here can name the [first six](#) American communities that reached 100% renewable electricity? They include Georgetown Texas, Greensburg Kansas, Burlington Vermont, Aspen Colorado, Rock Port Missouri, and Kodiak Alaska. They are a diverse and largely conservative set of communities.

What do they have in common? One thing: all six are served by consumer-owned utilities.

Most large utilities are investor-owned. Yet among all, the largest large utility in the race to 100% renewables is the Sacramento Municipal Utility District, or SMUD, with an elected board of 7 and a large, party rural service area with 1.5 million customers. SMUD fully expects to reach [100% by 2030](#) – a full 20 years before Maine even hopes to do so.

Today you will hear talk of risk. There is risk in either path we choose. The greatest risk is to keep accepting “IOUs” as an answer to our problems. The greatest risk is to entrust our children and grandchildren's future to a system that begins with energy monopoly, proceeds to energy colonialism, and because power corrupts, could well end in energy tyranny. Today I ask that you assess the risk for yourself, and don't just take it from those asking us to choose the road that belongs to them. At times, as a wise person once wrote, it is far better to take the road less traveled by.

LD 1708 is not the same bill this committee worked on in 2019 and 2020. Thanks to the work and the extensive and intensive input of many, including but not limited to this committee, London Economics International, and all who testified on the previous bill or will testify today, LB 1708 is new, improved, and better than ever.

Last year, the Legislature received an independent feasibility study we had commissioned to assess this idea, both legally and economically. Legally, the so-called [LEI Report](#) showed that

the idea is rock-solid. When a utility fails to perform, it can and should lose its legal monopoly privilege. Economically, the study showed the idea would most likely save Maine hundreds of millions. A subsequent pro bono review, by Dr. Richard Silkman, pegged the [30-year savings at \\$9 billion](#). The LEI Report also made some helpful recommendations, which we have incorporated.

LD 1708:

1. Contains a clarified, climate-and-jobs-focused mission statement,
2. Shifts to an elected board with ample resources and staff to contract a highly qualified, private-sector operations team,
3. Streamlines the acquisition as LEI recommended,
4. Adds protections for workers and municipalities,
5. Requires strict PUC oversight, and
6. Sends the proposal to voters for final ratification in November 2021.

Before the day's debate begins, we must be grounded in the facts of the proposal. What exactly does the bill do?

To answer that, let me simply read to you from the nonpartisan bill summary. I quote:

*This bill creates the Pine Tree Power Company, a privately operated, nonprofit, consumer-owned utility controlled by an elected board. The company's purposes are to provide for its customer-owners in this State reliable, affordable electric transmission and distribution services and to help the State meet its climate, energy and connectivity goals in the most rapid and affordable manner possible.*

*The Pine Tree Power Company is not permitted to use general obligation bonds or tax dollars of the State. The company finances itself by issuing debt against its future revenues to purchase the facilities of investor-owned electric transmission and distribution utilities in the State. The fair market value of the acquisition is either negotiated or determined by a refereed process. The Pine Tree Power Company Board contracts a nongovernmental team to operate the facilities, and the operations team is required to retain all workers of the purchased utilities.*

*The company is required to make payments equivalent to property taxes to municipalities. The company is subject to ratemaking and other oversight by the Public Utilities Commission and is required to administer programs for net energy billing, nonwires alternatives, supply procurement and low-income assistance programs.*

*The company is governed by a board of 7 voting members, each elected to represent 5 State Senate districts, as well as 4 expert advisory members. The board is subject to freedom of access laws and to laws preventing conflicts of interest.*

*The bill also directs the Public Utilities Commission by January 1, 2024 to find a transmission and distribution utility unfit to serve and to direct the sale of the utility if within the previous 5 years the utility has been found to have been rated the lowest for customer satisfaction, has reported reliability in the lowest decile of utilities of a similar size in the country or has charged its customers residential delivery rates in the highest decile among utilities of a similar size in the country.*

*This bill requires that, before the Act becomes effective, the Act must be submitted to the legal voters of the State at a statewide election held in the month of November following passage of this Act in order to allow the legal voters of the State to vote on the creation of the Pine Tree Power Company.*

So just to be clear: Ownership is by the consumer, oversight is by the elected board as well as the Legislature and Public Utilities Commission, and operations are by the private operating company or companies, who is selected on the basis of ability and expertise, and compensated based on their performance. Please read that again. It is the organizational chart we propose for all of our future energy delivery systems.

LD 1708 is the fruition of work by a broad and deep set of stakeholders over three years. And thanks to this committee's good work in 2019 and 2020, the legislature too has worked on it carefully.

London Economics made a number of important suggestions. These LEI recommendations have all been included in the bill, with the exception of those items left to the new board as part of the due diligence that they, and their expert professional staff and consultants, will conduct in the initial activities and decisions they are required and enabled to undertake. To unpack all this, it's important that we let's also look briefly together at the actual language of the bill. I am sure you have it in front of you, so please do follow along as we review it.

*See annotated bill [here](#). Please review in detail.*

In 2005, the people of [Winter Park, Florida](#) were tired of extended outages from hurricanes. So they voted to buy out their portion of a larger, for-profit utility. That large utility outspent this independence effort ten to one. They claimed the sky would fall, and the world would end. So what did happen? Sixteen years later, the new nonprofit utility of Winter Park has buried almost all its power lines, and has almost no outages ever. And as compared to the utility they separated from, rates are lower too.

Variations of this same story have unfolded multiple times in other locations. A conversion to consumer ownership took place in Long Island New York, where the most expensive utility in the nation was converted in 1998 and rates dropped immediately by 20%. A conversion took place in Jefferson County Washington, where the exiting utility was paid at the high end of the range LEI estimates, and yet the new COU has achieved savings, improved reliability, and

created jobs. And of course, a conversion to consumer ownership also took place statewide in Nebraska in the 1940s, thanks to a Republican US Senator named George Norris.

Where these conversions have happened, they have been extraordinarily successful.

Please note that to create Pine Tree Power we will use not a penny in tax dollars. Please note that Pine Tree Power will not be statewide, since 97 towns are already served by existing COUs. Please note that CMP and Versant top management will be replaced, but workers and middle management will keep their jobs and earn a bonus for making the transition.

The people of Maine will directly elect all voting members of the nonprofit Pine Tree Power Company board. Board meetings will be fully public and transparent. The Pine Tree Power Company will abide by a clear and mandatory mission statement: improve our reliability and customer service, keep our rates low, and ensure that we meet or exceed our climate and connectivity goals.

The Pine Tree Power Company will be operated fully in the private sector. Let me say that again: IN THE PRIVATE SECTOR. In other words, the Pine Tree Power Company will have the best of both worlds. As a nonprofit, independent entity, it will be publicly accountable and have access to low-cost capital, allowing us to finance the tremendous transition that awaits us. But with a top notch operations team who replaces top management and is paid based on its performance, Pine Tree Power will also benefit from the sharpened pencils and competitive spirit of the commercial sector.

History is a great teacher. Once upon a time, a backwater city in Tennessee had electricity only for the 5% who were white and wealthy. All others languished in poverty and in the dark. But then a consumer-owned utility was created in Chattanooga, and within only a few years the city was electrified, with every home able to afford lighting and radios and refrigerators from Sears and Roebuck.

Fast forward to 2005, and a new inequality had emerged. A few had expensive high speed cable Internet, but most did not. So the city's electrical utility went into broadband. Fiberoptic cable was strung on every pole, connected to every building and every home. Today, Chattanooga has emerged as the "Gig City," with a bustling and entrepreneurial renaissance that is the envy of the nation, and with lightning-fast, affordable, gigabit service available to every home and business, rich and poor alike.

This too is the power and potential of consumer ownership. The Pine Tree Power Company will reduce the costs and delays of pole access in our rural areas, working closely and proactively with our competitive internet service providers to light up every part of Maine with affordable, high-speed internet.

This is an historical, watershed moment for electricity — and the Pine Tree Power Company is the right tool for the job.

Today, you will hear from just a few of my colleagues in the growing movement we call Our Power. You will hear that from coast to coast, serving 1 in 3 Americans and [97 Maine towns](#), consumer-owned utilities are lower-cost, locally accountable, and twice as reliable. You will learn that in Maine, CMP and Versant charge [58% more](#) to deliver power than our outstanding, locally accountable COUs. You will learn that of the 12 top-rated utilities in the nation, [11 are COUs](#). And you will be reminded that all six US communities to have reached 100% renewables -- all six -- were powered by consumer-owned utilities.

These are the facts about consumer ownership. They are the reasons we need this change if we want a prosperous and equitable future for Maine.

In closing, Mr. Chair, I want to thank my very active and committed cosponsors – two from each of the four largest caucuses, and from every corner of our great state. They include Senator BENNETT (R-Oxford) BRENNER (D-Cumberland), WOODSOME (R-York) and President JACKSON (D-Aroostook), and Representatives: CARLOW (R-Buxton), POIRIER (R-Skowhegan), GROHOSKI (D- Ellsworth), NEWELL (Passamaquoddy Tribe).

Six of the nine sponsors are currently captive customers of CMP, owned by the governments and banks who own Iberdrola and Avangrid, while the other three are currently captive customers of Versant, owned by the government of Calgary. You will hear from some of these sponsors today. I do also want to apologize to the many legislators who requested cosponsorship, but who I did not have room for on the bill jacket.

We wish to take back Our Power not because we are Republicans, Independents, or Democrats, but because we are Maine. We are proud of our heritage. We are proud of our work ethic and ingenuity and community spirit. We are proud of our strong tradition of self-governance. We wish to lift up every corner of our state. We propose that we face our energy and climate future together, bound by our common enterprise, bound together by the common network of poles and wires and cables we can someday proudly call our Pine Tree Power Company.

We believe we can not afford to keep trusting those who've proven, year after year, that they do not have our best interests in mind. It is far, far too risky to keep accepting "IOUs" as an answer to our energy needs.

Today, we believe it is time to declare our independence. Today, it is time that we bid *au revoir* and *adios* to the monopolists who claim to own our energy destiny. Today we can instead embrace our future; we can embrace our possibility; we can embrace OUR POWER -- the power of our majestic Pine Tree State.

I urge you, my colleagues, not to prevent voters from having a say in the direction we choose at this important crossroads. I urge you to send this question to the voters, and to report out LD 1708 ought to pass.

Thank you for your consideration. I am happy to answer any questions you may have.