

130th Maine Legislature
Joint Standing Committee on Energy, Utilities, and Technology
Testimony of Phil Curtis in Opposition to LD 1708
May 20, 2021

Senator Lawrence, Representative Berry, and distinguished members of the Committee, my name is Phil Curtis. I am a resident of Madison, Maine and formerly represented House District 111 in the Maine Legislature, including service on the Energy, Utilities, and Technology Committee. Additionally, I am a former general manager of Madison Electric Works, which is a municipal electric department based in Madison that serves portions of four municipalities.

As a former manager of a consumer-owned electric utility in Maine, I support municipal power, but I do not support legislation that would impose “public power” on Maine taxpayers by requiring a state takeover of its privately owned electric companies. We should let businesses do what they do best, and let government regulate them appropriately.

First, a state power authority will not solve the underlying problems that drive this bill. A government takeover of our electric system will not lower cost, increase reliability, or create more oversight. This bill no doubt arose in large part due to frustration with CMP; however, a state takeover of our electric system will not solve problems, only create new ones. Imposing “public power” is akin to nationalizing private companies, an extraordinary step that primarily occurs in developing countries, but not in places with prosperous economies.

Second, while my experience running Madison Electric Works was positive, consumer ownership is not always the answer. On Swan’s Island, just off Mount Desert Island, the better answer turned out to be a private takeover of Swan’s Island Electric Cooperative. Although consumer owned, the utility charged some of the highest rates in the state, and in recent years, their system needed major improvements it could not afford. With urging from the Maine Public Utilities Commission, Swan’s Island approached Emera Maine — an investor-owned electric company — about taking them over. In 2017, the takeover was complete, and the island is now part of a privately owned electric system. Their rates are now substantially lower, and necessary investments on the island’s grid have taken place.

In Washington County, Eastern Maine Electric Cooperative is another consumer-owned electric system. It is well-managed and cares about its customers. But, in the 1980s, the cooperative went bankrupt, and over the years, its rates have generally been higher than CMP’s rates, sometimes substantially so. That remains true even today.

Nationally, only one state is predominantly “public power” — Nebraska. Nebraska may have lower rates than Maine, but ranks near the bottom of states in terms of grid modernization and energy efficiency. Maine, which is predominantly served by privately owned utilities, is closer to the top in both categories. Nebraska also has virtually no trees and no ocean coastline, which makes it cheaper and easier to keep the lights on as compared to Maine, which is the most forested state in the country and has more than 3,000 miles of coastline. Nebraska also gets a majority of its power from coal – which is much cheaper than the power produced in Maine, 75 percent of which is renewable. Does consumer ownership itself make Nebraska cheaper? Very simply, no.

Third, this takeover of CMP and Versant Power would cost Maine customers billions of dollars in financing costs beyond what is currently included in their electric bills. Likewise, hiring yet another company to operate the grid could subject consumers to price markups that CMP and Versant Power are not allowed to charge today. It is true that CMP and Versant Power are not locally owned, but neither are our paper companies

and many other of our large employers. Outside ownership is not a crime, and we should welcome outside investment, which is exactly what CMP and Versant Power (and its predecessors) have done over decades. In many cases, private investment ensures that our critical infrastructure is working properly. Our roads are publicly owned, but our government has not maintained them properly, and they are deteriorating. Can we take this risk with our electric system?

Additionally, a public takeover would result in \$35 million to \$40 million in lost state taxes, and \$71 million in property taxes would be at risk, depending on whether voluntary payment in lieu of taxes payment were made. And, I don't know about you, but having served in the Maine Legislature, I wouldn't trust us over the long term to keep our promises to municipalities.

In the end, there is a better solution than having the state take on billions of dollars in new debt and politicizing the state's electric grid. The key is making sure the Maine public utilities commission has appropriate regulatory tools. Utilities are heavily regulated, and even privately owned utilities can only charge what the government allows – and only after months of public scrutiny. The quality of utility services is subject to government oversight, and owners of privately owned utilities with poor service can face financial penalties – penalties that cannot be assessed on consumer-owned utilities without private owners. We should be concentrating on strengthening and supporting the regulatory tools already available to us.

To conclude, a “public” takeover of the State's largest electric companies is wrong solution for Maine, and I urge the Committee to reject this legislation. Thank you for your time and attention.