

Date: May 20, 2021

From: Jeffrey L. Ellison, resident of Swan's Island, Maine

To: Energy, Utilities and Technology committee considering LD 1708, HP 1269

Subject: Testimony in opposition to this proposed legislation

My name is Jeffrey Ellison. I graduated from MIT with Bachelor's and Master's degrees in Science and Engineering with a concentration in Industrial Management. I spent my 45 year working career solving cost problems and doing business turnarounds in manufacturing companies with sales ranging from \$3 million to \$200 million.

When I retired to Swan's Island and the Swan's Island Electric Cooperative needed an interim General Manager, I took that on as a service to the community.

The SIEC had only 550 meters on Swan's Island and Long Island (Frenchboro) but had expenses commensurate with a much larger customer base. We had a large distribution network with a small customer base to pay for it. The economies of scale had caught up with us and with all my experience in making companies more efficient, there were just no efficiencies left to make. Our kwh rate was already two times the mainland EMERA rates.

The SIEC had not had a rate hike in 5 years and our costs were about to exceed our revenues so we petitioned the PUC for a rate hike. Because our rates were already very high, the final agreement included a stipulation from the PUC that the SIEC should explore a merger with a larger utility. That initiated an asset purchase discussion with EMERA Maine.

At SIEC Board Meetings and Public Meetings about giving up our municipally owned utility and joining with a large publicly owned utility, I felt it necessary to remind residents that they should expect longer response times for service and storm related power outages. We are on an island six miles off the coast of another island (MDI), so it was my opinion that we would be at the "End of the line" for power restoration and routine service. However, the lure of paying one half the electric bills outweighed the service concerns and the residents voted to sell our distribution assets to EMERA.

That was about three years ago and I am please to say that the service we have received from EMERA and now Versant has been exemplary. When there have been storm related power outages on the island, Versant trucks have mostly been on the first ferry available to get us back in power. Other routine services and home connections have been done in a very timely manner. Every resident that I have spoken to agrees that service has been far better than expected.

I would like to add to my testimony that Maine probably suffers from Economies of Scale issues like Swan's Island did. Maine is a very physically large state with few customers. (Only 1.3

million residents total.) The number of wire and pole miles per customer probably exceeds most other states in the US. Along with that, poles and anchors in Maine are largely drilled into granite ledge costing many times more than other states. Most of Maine's power lines are bordered by Spruce trees with very shallow root systems because they grow on top of ledge. With pounding from Nor'Easters, power lines are pulled down with regularity. Before spending billions of dollars and taking a well run utility into State managed hands, there is a fiduciary responsibility to gather as much data as possible to understand the basis for utility distribution costs in Maine vs other states.

The title of this bill calls it:

**“An Act To Create the Pine Tree Power Company, a Nonprofit Utility,
To Deliver Lower Rates, Reliability and Local Control for Maine
Energy Independence”**

That is a big promise with no explanation of how you would accomplish this. If you don't know why the costs are high now (and I have seen no data to indicate that you do), how could you possibly imagine a solution?