

Susan Feiner
Yarmouth

Testimony, Susan Feiner

Honorable Senator Lawrence and Representative Berry, distinguished members of the Committee.

My name is Susan Feiner. I live in Yarmouth ME. I offer my comments as an economist, my career for 33 years before I retired from USM in 2018.

I've been studying, researching and teaching about electric power markets since the 1980's because the whirlwind of de-regulation coincided with the beginning of my career.

The experience of our own eyes/our own lives demonstrates that deregulation was in most cases a disaster.... The rationale for the deregulation: namely that firms operating in so-called "free markets" would inevitably outperform regulated, municipally owned or cooperatively owned enterprises.

Well now the evidence is in. Deregulation—"trickle down" economics by another name—does not lift all boats.

We'd reap a host of benefits if Maine had a publicly owned utility. Of all of them—lower cost, improved reliability, cooperation with the shift to renewables—my hands down, all time favorite is that public power utilities provide significant, ongoing and enthusiastic support for local governments. Local local local. That's what makes Maine special.

Public power utilities provide direct benefits to their communities in the form of payments and contributions to state and local government. The contributions made by the publicly owned utilities include payments that resemble property taxes, payments in lieu of taxes, and transfers to the general fund. Additionally publicly owned utilities make millions of dollars of in-kind contributions in the form of free or reduced-cost services to states and cities.

The level of support and how these benefits are returned to the community is a local decision—another advantage of local control. For example, some public power utilities make transfers to the city's general fund in an amount equal to the property taxes that would have been paid by an investor-owned utility. Others set the amount as a percentage of electric revenue or as a charge per kilowatt-hour of electricity sold. Some cities take advantage of synergies between municipal departments and use electric employees to install temporary lighting, perform electrical repairs or tree trimming services for other departments, or provide technical expertise.

We can put a price tag on that in-kind support. In the most recent year for which data are available, the median amount contributed by public power utilities was 5.6 percent of electric operating revenues. Over the same period, investor-owned utilities paid a median of 4.2 percent of electric operating revenues in taxes and fees to state and local governments. When all taxes, tax equivalents and other contributions to state and local government are considered, public power's contributions, as a percent of electric operating revenues, were 33 percent higher than those of investor-owned utilities.³

(American Public Power Association, "Public Power Pays Back: Payments and Contributions by Public Power Utilities to State and Local Governments in 2014," March 2016.)

Here's a very quick case study.

"In the 1970s, when Massena residents sought to break away from Niagara Mohawk, the power company tossed out a trio of regular arguments against the plan. If the town stopped buying electricity from Niagara Mohawk, it would lose substantial tax revenues, electric rates would skyrocket and reliability would go "in the tank"...

None of that happened in the utility's first quarter-century of existence... The municipally owned electric utility makes annual payments in lieu of taxes and the town lost no revenue. Electric rates have gone down and reliability is up." (New York Anniversaries," Public Power magazine, November-December 2006. The article describes Massena's 25-year anniversary as a public power utility.)

The list of LOCAL municipal benefits is large as it includes: discounted electricity or other services to the local government, including streetlights, municipal buildings, water or sewer treatment facilities, and traffic signals; Installing temporary lighting for special events; Maintaining streetlights, traffic signals, or stadium lights; Electric repair or maintenance for other city departments; Rewiring municipal buildings; Tree trimming for other departments and many more.

A publicly owned utility just makes sense (cents?) for Maine. Dirigo!

Very Sincerely
Susan F Feiner
82 Burbank Lane
Yarmouth
2077124188