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# Maine Equal Justice

People Policy Solutions

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## **Testimony of Joby Thoyalil, Maine Equal Justice, in support of LD 1708, An Act To Create the Pine Tree Power Company, a Nonprofit Utility, To Deliver Lower Rates, Reliability and Local Control for Maine Energy Independence**

Senator Lawrence, Representative Berry, and members of the Joint Standing Committee on Energy, Utilities and Technology. My name is Joby Thoyalil and I am a senior policy advocate at Maine Equal Justice, a nonprofit legal aid organization working to increase economic security, opportunity, and equity for people in Maine. Thank for the opportunity to offer testimony in favor of LD 1708.

Three facts lead us to support LD 1708. First, compared with every other state, Maine's electricity is at the more expensive end of the spectrum. The Energy Information Administration (EIA), a non-partisan arm of the federal government dedicated to collecting and analyzing information on energy and utilities, found that Maine's residential electricity prices are the tenth highest in the nation.<sup>1</sup>

Second, high electric bills have plagued many of our low-income clients for years. This isn't surprising given available data on the topic. According to a June 2019 report commissioned by the Maine Office of the Public Advocate, Maine's low-income households have a high energy burden, with the average home energy burden for low-income households at 19 percent of income. This is in comparison to an average home energy burden of 6 percent of income for all Maine households.<sup>2</sup>

Third, public power is generally cheaper and more reliable than private power. According to the non-partisan EIA, municipal utilities usually offer cheaper residential electricity than private ones.<sup>5</sup> Findings by advocacy organizations and information from our partner organizations in

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<sup>1</sup> U.S. Energy Information Administration, State Electricity Profiles, (Jan. 8, 2019), <https://www.eia.gov/electricity/state/> (last visited May 13, 2019).

<sup>2</sup> Allison, A., Napoleon, A., & Kallay, J. (June 3, 2019). Maine Low-Income Home Energy Burden Study. Maine Office of the Public Advocate. Retrieved January 24, 2020 from:

<https://www.maine.gov/meopa/sites/maine.gov.meopa/files/inline-files/Maine%20Low%20Income%20Energy%20Burden%20Study%20June%202019.pdf>

<sup>5</sup> Diane Cardwell, *Cities Weigh Taking Over From Private Utilities*, N. Y. TIMES, Mar. 13, 2013, at B1, <https://www.nytimes.com/2013/03/14/business/energy-environment/cities-weigh-taking-electricity-business-from-private-utilities.html>.

Massachusetts and New York confirm this.<sup>6</sup> The fact that consumer-owned utilities do not earn a profit helps keep their rates down.<sup>7</sup> Rather than rewarding shareholders, they can make capital investments, or return savings to ratepayers. For these reasons, we are hopeful that LD 1708 would lead to lower rates for Maine consumers with low-income.

I encourage the committee to vote *ought to pass* on LD 1708. Thank you again for the opportunity to submit this testimony.

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<sup>6</sup> According to the Massachusetts Alliance for Municipal Electric Choice, government-owned utilities on average employ more linemen per 10,000 customers than the private companies. *See id.* The American Public Power Association has found that “Homes powered by public power utilities pay nearly 15 percent less than homes powered by private utilities.” American Public Power Association, Public Power, <https://www.publicpower.org/public-power> (last visited Mar. 13, 2019).

<sup>7</sup> Josh Keefe, *How Central Maine Power Failed Its Customers And Still Increased Profits*, BANGOR DAILY NEWS, May 1, 2019, <https://bangordailynews.com/2019/05/01/mainefocus/how-central-maine-power-failed-its-customers-and-still-increased-profits-2/>.