

**Testimony presented to the  
Energy, Utilities and Technology Committee  
In Support of LD 1708**

**David Vail**

Senator Lawrence, Representative Berry, and members of the Joint Committee on Energy, Utilities, and Technology: My name is David Vail, I live in Brunswick, Maine and I appreciate the opportunity to testify in support of An Act to Create the Pine Tree Power Company. I am a retired economics professor and former director of environmental studies at Bowdoin College. Some of the insights presented here stem from my past work as a project director for the Maine Center for Economic Policy and as a consultant to the Maine Woods Consortium.

The main purpose of my testimony is to highlight a key benefit of Pine Tree Power for economic revitalization of Maine's distressed rural regions: it will facilitate critically needed investment in "last mile" broadband connectivity for households, businesses, tourists and public institutions in sparsely populated rural areas. I refer to objective "E." under "Company Purposes" in LD 1708:

To improve the State's Internet connectivity through more affordable access to utility poles and other infrastructure in unserved or underserved areas of the State."

My research, and an ever-growing body of complementary evidence, strongly supports the claim that "affordable access" to high speed internet is crucial for sustainable economic development in rural Maine. There is also a strong case that a consumer-owned utility, with a statutory mandate to connect unserved and underserved areas, will respond to the broadband challenge more affirmatively and at lower cost than Maine's current investor-owned utilities.

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First, as an economist, I want to underscore my agreement with Dr. Richard Silkman's forecast, that massive investments in Maine's electric grid will be needed to achieve Maine's climate goals of de-carbonizing and electrifying the state's economy by mid-century. Dr. Silkman makes a compelling case that, in pursuing those objectives, a consumer-owned electrical grid will save ratepayers billions of dollars, compared with Maine's existing investor-owned utilities.

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Several years ago, I directed a Maine Center for Economic Policy project, *Spreading Prosperity to All of Maine*. We interviewed public officials and tourism stakeholders in northern Franklin, Piscataquis, and eastern Washington Counties, who were emphatic that the lack of high speed internet connections (and reliable cell phone service) was a serious obstacle for many rural tourism businesses and destination areas.<sup>i</sup> My more recent work on destination development with the Maine Woods Consortium reinforces the insight that affluent, high spending tourists expect fast internet and that web sites and electronic booking are basic marketing tools for tourism businesses.<sup>ii</sup>

Importantly, high speed internet and the other amenities that make a destination attractive to tourists are also critical for attracting in-migrants, such as mobile entrepreneurs, highly skilled young people, and affluent retirees. Just this week, a *New York Times* feature article, “Rural Areas Are Looking for Workers. They Need Broadband to Get Them,” spotlighted the critical link between rural internet access and attraction of skilled younger workers.<sup>iii</sup>

The Covid-19 experience has brought home forcefully the central importance of high speed broadband for tele-health services, remote learning, and tele-commuting. And a smart climate policy recognizes that in many situations, reliable high speed broadband links are an effective substitute for employee commuting and other fossil fuel-intensive transportation.

Given the urgent need for and tremendous benefits of universal, affordable broadband, it is very encouraging that the state is now prioritizing broadband in its infrastructure planning. That is clearly reflected in the \$150 million broadband investment included in the Governor’s *Maine Jobs and Recovery Plan*. The Plan aims to “Establish the Maine Connectivity Authority to Achieve Universally Available Broadband. Urgent long-term investments are needed to connect every community to quality, affordable high-speed access.”

Pine Tree Power would be an ideal partner for the State in fulfilling its mission to extend fiber to all rural communities. Maine’s present investor-owned utilities have a poor record for customer service. Their reliability as a strategic partner is also thrown into question by recent impediments to solar interconnectivity, another much needed grid innovation. At the very least, their foreign owners would require a substantial rate of return on the investments needed to extend fiber optic cable to sparsely populated areas. In contrast, LD 1708 explicitly commits Pine Tree Power to use its poles and other infrastructure to facilitate affordable broadband links to Maine’s unserved and underserved areas.

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<sup>i</sup> Vail, David. 2010. *Amenity Investments and Tourism Destination Development*. Maine Center for Economic Policy. Augusta.

<sup>ii</sup> Vail, David and Carla Dickstein. 2015. [Want to boost rural tourism in Maine? Raise Internet speeds - Maine news, sports, obituaries, weather - Bangor Daily News](#)

<sup>iii</sup> [https://www.nytimes.com/2021/05/17/business/infrastructure-rural-broadband.html?campaign\\_id=2&emc=edit\\_th\\_20210517&instance\\_id=30967&nl=todaysheadlines&regi\\_id=21403171&segment\\_id=58255&user\\_id=cef3fb21efba20b96cd77a6a4b915c9a](https://www.nytimes.com/2021/05/17/business/infrastructure-rural-broadband.html?campaign_id=2&emc=edit_th_20210517&instance_id=30967&nl=todaysheadlines&regi_id=21403171&segment_id=58255&user_id=cef3fb21efba20b96cd77a6a4b915c9a)

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