

Testimony of Gordon L. Weil in favor of LD 1708  
An Act to Create the Pine Tree Power Company  
May 20, 2021

I am Gordon L. Weil. I am a resident of Harpswell.

I have served as:

Director, Maine Office of Energy Resources  
Public Advocate (created the office)  
Maine Commissioner of Business Regulation  
State of Maine expert on Long Falls Dam compensation to be paid by CMP (my position fully accepted by Law Court)  
Director, Dirigo Electric Cooperative (organization of Maine COUs). (Distinguished Service Award)  
Chair, National organization of state energy agencies (NGA)  
Chair, Northeast International Committee on Energy (New England/Canada)  
President, Weil Consulting Group (electric industry clients, including many COUs across US/Canada)  
Chair, NEPOOL negotiations to create New England Open-Access Transmission System  
Author, Blackout (book about electric industry, published by Nation Books and articles in Public Utilities Fortnightly)  
Consultant to US DOE on energy emergency planning.

Based on my knowledge and experience, I support LD 1708. Because I am assured that the Committee will receive considerable testimony on this bill, I limit my testimony to a summary statement. If it would be helpful, I would be glad to contribute further information and views to the Committee or its members.

### General

Consumer owned utilities (COUs), especially dealing with monopoly services such as transmission and distribution, have operated successfully in the U.S. for about 140 years. They have demonstrated they are competent, efficient, and lower cost than investor owned utilities (IOUs). Some serve only a few hundred customers and others serve millions.

COUs are served by regional and national organizations that provide them assists on a group basis, thus offering them both expertise and economy. COUs are reputable and attractive borrowers.

Because they do not usually pay dividends and have access to tax exempt debt, their cost of capital is less than for IOUs. That translates into lower rates.

IOUs have a fiduciary responsibility to their owners not to their customers. Gains are actively sought and, when obtained, flow to investors. COUs are responsible to their customers and apply rates so as not to produce profit. Any gains flow back into lower rates.

IOUs are regulated, but regulators generally are at a disadvantage in terms of expertise and must rely on outside consultants who may lack adequate local knowledge. COUs manage their affairs under the scrutiny of boards either directly or indirectly elected and are subject to some regulatory control as well.

### Situation in Maine

IOU rates in Maine are high and notably higher than COU rates in Maine and across the country. Since industry restructuring, the Maine IOUs have emphasized transmission investment, which is highly profitable and has driven up wires charges considerably. FERC allows them highly favorable rates of return (profits).

The quality of distribution service in Maine is among the worst in the U.S. It compares quite unfavorably with service in Nebraska, a state with only COUs. The excuse is offered that there are relatively few trees in Nebraska compared with Maine. To the extent this is true, the trees have been here longer than the IOUs, which have failed to construct and operate their systems in an efficient manner taking account of the long-standing presence of trees. Given the IOUs' preference for transmission, distribution lines have lacked appropriate funding for maintenance and upgrades.

Lower rates and greater reliability are sound reasons for the creation of a COU for Maine, except in those areas already served by COUs.

The principal argument in opposition to this proposed COU is that its Maine board and professional operators will not be as competent as the current IOU managers. This implies that people "from away" – far away – are more competent than Maine people. Personally, I reject this effort to make Mainers second-raters. There is no evidence for this assertion.

A second argument is that the IOUs will stage a costly legal fight against the Maine legislation. This is an old story. CMP once ran Maine until stopped by Gov. Baxter. The state is a sovereign jurisdiction and the COU will be a competent and responsible entity; its time to stop utility intimidation of the State of Maine.

Let the people decide, relying on objective facts and undeterred by false and threatening IOU arguments.

Gordon Weil  
Harpwell

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