

May 20, 2021

Testimony of John L. Clark with regard to LD 1708 the formation of the Pine Tree Power Company

Senator Lawrence, Rep Berry and members of the Energy, Utilities and Technology Committee

I am John Clark retired general manager of the Houlton Water Company (HWC) having served 33 years and residing in Linneus,, Maine. HWC is a consumer owned utility (COU) that efficiently provides reliable low cost electric, water and waste water services to the town of Houlton and several surrounding communities. HWC is governed by a six member board of directors elected by the citizens of Houlton. The directors set policy and retain the services of a general manager to recommend and implement policy and run the day to day operations of the utility. With the assistance of many competent and dedicated personnel HWC has achieved recognized success in all areas of the utility business.

I give you this background information as proof of the efficient, competent and effective operation that a COU business model can bring to the electric transmission and distribution business. The issue, espoused by Maine investor owned utilities, that competent management of a COU on a large scale cannot be achieved in Maine is bogus. There are many successful COUs' across the USA and Canada that are bigger than CMP and provide better reliability and lower cost. It is ironic that Versant is owned by a COU utility in Canada but we Mainers, according to some, are not ambitious and intelligent enough to operate our own COU.

I passionately believe that the COU business model has many advantages over IOUs'. Those benefits include the lower cost of borrowing funds, no requirement to make a profit, no stock holder dividend payments and being focused on customer satisfaction. Those advantages allow for funds to be poured back into utility upgrades and maintenance resulting in increased reliability and customer fulfillment.

COUs' have only customers to answer to and satisfy. Investor owned utilities must be concerned with providing increased stockholder equity, sometimes to the disadvantage of customers. COUs' do not have that inherent conflict. We focus on the customer. Not once in my fourteen years working as a project engineer for an investor owned electric utility did I witness my superiors being concerned about the welfare of customers. Their mantra was always about making additional profit for stockholders. I have a friend that once served on the former Maine Public Service Company utility board. He often said he sometimes had to make decisions that were detrimental to customer interest in favor of stockholder profit. COU boards require and focus on bringing increased value to customers and insist their management fulfill that requirement.

Because delivery of electricity is such an important component of our Maine economy, I urge you to approve the Pine Tree Power Company Authority as created by Ld. 1708. The new power authority will be a COU that can bring low cost reliable transmission and distribution service to the entire state.