

# MAINE STATE LEGISLATURE

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**STATE OF MAINE  
PUBLIC ADVOCATE OFFICE  
ANNUAL REPORT  
JULY 1, 2007 TO JUNE 30, 2008**



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**A. INTRODUCTION: SAVINGS FOR RATEPAYERS IN 2007-2008**

During the period of time covered by this annual report (7/1/07-6/30/08) the Public Advocate Office achieved several noteworthy successes in advancing and protecting the interests of Maine's utility customers. Among these were:

- A \$90 million rate reduction (\$18 million a year for 5 years) for customers in the former Verizon territory, now owned by FairPoint.
- \$2.4 million in savings through reducing a Bangor Hydro rate proposal.
- \$48 million in savings attributable to eliminating a proposal by CMP to recover alleged merger savings associated with the CMP-Energy East merger in 2002.
- A \$20.3 million reduction in rates, compared to what CMP requested.
- An agreement with FairPoint to invest \$57 million in expanding access to high speed broadband.
- Completion of an agreement with Verizon in which they invested \$12 million and provided broadband access to an additional 30,319 phone lines

As a result of these and other efforts by the staff of the Public Advocate Office, the rates paid by Maine consumers were set by the Public Utilities Commission at annual levels that we estimate to be at least \$160 million lower than they would have been in the absence of our advocacy. These savings, when added to our previous efforts over the prior 26 years, reflect a total savings of \$481 million, as described in greater detail in Attachment A. This \$165 million total includes both litigated outcomes involving no other party as well as multi-party settlements which the Public Advocate Office negotiated with other intervenors. You will find the cumulative savings produced over the past 26 years on page 31 of Attachment A.

July 31, 2008

Dear Maine consumer of utility services,

I have just recently completed my first year as Maine's Public Advocate. I am honored to have the opportunity to serve you, and pleased to tell you that during the past twelve months the efforts of the small staff in our Office (four highly experienced lawyers and three skilled support personnel) have resulted in the largest amount of savings to Maine utility consumers that we have ever achieved in the 26 years of our existence. This is an amazing group of people who do a remarkable job fighting for the interests of you, the Maine consumers.

We will always strive to do our very best in responding to the needs of Maine's utility consumers. If we can assist you, your family or your business with a utility problem, do not hesitate to contact our Office – electronically, by mail, in-person at our Hallowell office, or by telephone at 287-2445.

Sincerely,

*Richard Davies*

Richard S. Davies  
Public Advocate



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### **B. ADVOCATING FOR UTILITY CONSUMERS IN MAINE SINCE 1982**

The Office of Public Advocate began operations 26 years ago, with a mission set by the Maine Legislature to represent the interests of the consumers of regulated utilities in proceedings at the Public Utilities Commission, the Maine Legislature, at federal agencies, and in state courts. Since our creation more than a quarter century ago, the Office has made as its top priorities the lowering of utility bills for consumers and improved quality of service from utilities. While these goals have not changed measurably over the years, the places and ways we work have evolved and changed considerably, and the tasks we perform have evolved and grown in line with the changes we see occurring in the utility world.

	2001	2002	2003	2004	2005	2006	2007	2008
<b>A. Federal/regional advocacy % of staff direct time</b>	6%	13%	17%	24%	9%	11%	7%	4%
<b>B. Maine-based in-state advocacy % of staff direct time</b>	94%	87%	83%	76%	91%	89%	93%	96%

In the recently-completed fiscal year covered in this report our Office focused primarily on tasks, initiatives and proceedings taking place in Maine. The two most significant utility proceedings during the past year were the acquisition by FairPoint Communications of Verizon's northern New England landline business, and the proposal by Iberdrola (a large Spanish utility and energy generating company) to purchase Central Maine Power and Energy East, its parent company. Our office played a significant role in crafting the settlement agreements that resolved both cases, and reduced the cost to consumers more than \$250 million in the process.

Significant among the many other matters in which we were engaged were:

- A negotiated agreement with Verizon for them to invest \$12 million to bring high speed broadband access to more than 30,000 telephone lines in their service area;
- A CMP rate case in which we negotiated a \$22 million rate reduction for customers;
- A case to determine whether to grant Time Warner, a large telecommunications provider, the right to competitively interconnect with several small rural telephone companies in order to offer Digital Phone service, or to protect the customers of these small rural companies from potential harm;



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- A Northern Utilities billing errors case in which the utility was penalized for failing to read customer meters regularly. The company will be required to install automatic meter reading devices to prevent this problem in the future;
- Negotiations with the Premier of New Brunswick to reduce or eliminate barriers to the free flow of electricity between our two jurisdictions, with the goal of lowering the cost of electricity;
- Enactment of legislation to protect Maine's sovereignty while encouraging developers of energy infrastructure to locate those transmission facilities in corridors that minimize impact on people or the environment; and
- Commencement of a case at the Maine PUC on whether it is in the "public interest" for Maine's transmission and distribution utilities to remain as members of the Independent System Operator for New England (ISO-NE).

These significant cases come on top of more than six dozen other active cases at the Maine PUC in which the Office is a party. This is not to suggest we haven't been active before federal agencies like the Federal Communications Commission ("FCC") and the Federal Energy Regulatory Commission ("FERC"), or involved with regional, national and international matters where they affected Maine consumers' interests, though the percentage of our time devoted to involvement in regional and national matters has been lower this past year than in recent years. This is due more to the fact that a very large portion of our time has been devoted to many important Maine matters. Here are just two examples of our regional and national activities: Wayne Jortner was recently reappointed by the FCC Chairman Kevin Martin to serve another term on the Universal Service Administrative Company, overseeing the collection and allocation of \$7 billion in federal surcharges supporting low-income, telemedicine, library Internet and related programs; and Richard Davies, the Public Advocate, has been named by Governor John E. Baldacci as Maine's Joint Representative in carrying out a Memorandum of Understanding with Premier Shawn Graham of New Brunswick on electricity interconnections. A Phase Two Report concerning implementing the provisions of the MOU is expected to be jointly issued by Maine's and New Brunswick's Joint Representatives before mid-September, 2008.

Lastly, as the fiscal year covered by this report was nearing an end, the Office of Public Advocate engaged two expert consultants to assist us with two major transmission development cases, one proposing to spend \$1,400,000,000 to upgrade Central Maine Power's electric "grid" and another to build a transmission line from northern Maine to link up with CMP's system in Detroit, Maine for the primary purpose of bringing 800 megawatts of wind-generated electricity to southern Maine and the rest of New England. Encouraging wind energy is a State goal which we support, and we will work to make sure that Maine electric customers are not adversely affected by the development of this project.



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### **Public Advocate Press Releases/Publications: July 2007 to June 2008**

1. July 2007: Electricity Guide, Volume 14, “Restructuring – A Mistake?” Newsletter
2. August 6, 2007: “New ‘Soft Dial Tone’ Policy May Require E-9-1-1 Service on Most Disconnected Telephone Lines,” Press Release
3. September 7, 2007: “Public Witness Hearings to Receive Comments on Proposed Takeover of Verizon’s Maine Wireline Business by FairPoint Communications,” Press Release
4. October 11, 2007: “Public Advocate Announces Recommendations to PUC in Fairpoint’s Proposed Acquisition of Verizon-Maine,” Press Release
5. December 2007: Ratewatcher Telecom Guide, Volume 20, Newsletter
6. December 6, 2007: “Maine Public Advocate Releases a New 20-Page Ratewatcher Telecom Guide – Free of Charge to Maine Residents,” Press Release
7. December 13, 2007: “Maine Public Advocate Reaches Agreement with Fairpoint and Verizon on Sale of Verizon’s Operations in Maine, New Hampshire and Vermont,” Press Release
8. January 22, 2008: “Maine Public Advocate Urges Senators Snowe and Collins to Oppose Retroactive Immunity to Verizon for Potentially Unlawful Breaches of Customer Privacy,” Press Release
9. June 2008: Ratewatcher Telecom Guide, Volume 21, Newsletter
10. June 1, 2008: “Maine Public Advocate Releases a New 20-Page Ratewatcher Telecom Guide – Free of Charge to Maine Residents,” Press Release

### ***C. DEALING WITH CUSTOMER COMPLAINTS, CONSUMER EDUCATION AND THE LEGISLATURE***

The Office regularly interacted during fiscal year 2007-08 with individual customers who contacted us with concerns or complaints about utility service. The staff addressed more than 9,896 complaints or requests for information. This total includes contacts with legislators and written testimony on individual bills during the Second Regular Session of the 123<sup>rd</sup> Legislature. Newsletters were prepared and mailed on telephone and electric options to more than 63,655 consumers. Attachment C and D provide the monthly details on the frequency on the frequency of newsletter mailings and on customer/legislator contacts.

As has been the case in prior years, the Office tracks bills introduced during each legislative session and of our success in influencing debate on each bill. The Office submitted written testimony on 24 bills in the Second Regular Session of the 123<sup>rd</sup> Legislature. With respect to the bills on which the Office took a formal position, our recommendations corresponded to the final outcome on 21 occasions, or 87.5% of the time. Attachment E presents a list of all the bills we tracked and the disposition of each bill we testified on.

The Office of Public Advocate regularly accepts requests for public speaking engagements and addresses small groups on topics related to utility service. See Attachment B.

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As shown below, staff members attended Regional/Nationals Meetings and Conferences either as speakers or attendees. Attachment F provides a breakout of staff time for OPA staff (exclusive of the Nuclear Safety Advisor) by project over the past fiscal year.

### *Regional and National Meetings and Conference: FY 07/08*

1. Universal Service Administrative Company Meeting (Washington, DC) July 22-24, 2007 – Wayne Jortner
2. Universal Service Administrative Company Meeting (Washington, DC) October 22-24, 2007 – Wayne Jortner
3. New Brunswick Power Meeting (St. John, New Brunswick Canada) November 6-7, 2007 – Richard Davies
4. National Association of State Utility Consumer Advocates (Anaheim, CA) November 10-14, 2007 – Patty Moody-D'Angelo, Agnes Gormley, Mary Campbell
5. Michigan State Institute Public Utilities Conference (Charleston, SC) December 17-22, 2007) – Richard Davies
6. Independent System Operator – New England Meeting (Westborough, MA) December 17-18, 2007 – Bill Black
7. Universal Service Administrative Company Meeting (Washington, DC) January 20-25, 2008 – Wayne Jortner
8. Energy Communities Alliance Conference, Nuclear Waste Strategy Coalition (Washington, DC) February 20-27, 2008) – Charles Pray
9. Independent System Operator – New England Meeting (Westborough, MA) March 19-20, 2008 – Bill Black
10. Universal Service Administrative Company Meeting (Washington, DC) April 27 – May 1, 2008 – Wayne Jortner
11. United States Transport Council Summit Nuclear Waste (Washington, DC) May 20-22, 2008 – Charles Pray
12. Electric Power Research Institute – Electric Seminar (New York, NY) May 28 – June 1, 2008 – Agnes Gormley
13. Nuclear Waste Strategy Meeting (Washington, DC) June 3-5, 2008 – Charles Pray
14. Council of State Government Meeting (Pittsburg, PA) June 9-12, 2008 – Charles Pray

### ***D. ELECTRICITY CASES AT THE MAINE PUC AND FERC***

**1. CMP Rate Case:** On July 1, 2008 the Commission approved a stipulation whereby Central Maine Power (“CMP”) decreased its distribution rates by an amount sufficient to reduce distribution delivery revenues by \$20.3 million effective July 1, 2008. When it filed its case, CMP had sought no increase (or decrease) in these rates.

The terms of the stipulation also put into place a five-year alternative rate plan (ARP), similar to the ARP that has governed CMP’s distribution rates for the last seven years. Over this five-year period, CMP has agreed to spend a significant amount of money on improving the reliability of its distribution system. The Company will implement a five year vegetation trim cycle, completing the trimming of its entire distribution system by 2013. The stipulation



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provides for a mid-period review in 2011 to evaluate CMP's customer service and reliability performance.

CMP had proposed keeping rates the same, avoiding a reduction, in part by implementing "smart meters." We determined that a reduction in distribution rates was warranted and employed six consultants to assist us. We offered their expert testimony in areas of finance, accounting, economics, sales forecasting and metering technology.

The stipulation resolved all of the issues in the rate case, except CMP's proposal to implement Advanced Metering Infrastructure ("AMI"). We agreed to proceed with further exploration of this issue in a phase II proceeding.

*Phase II/Meters:* In Phase II the Commission will determine whether CMP should implement AMI. The burden of proof remains on the utility to demonstrate the net benefits of installing these meters. In deciding whether to approve the AMI system, the Commission will examine the cost-benefits of the proposed AMI program, including but not limited to: how a standard offer provider can and would offer demand response programs to CMP customers; the required capabilities of an AMI system needed to provide metering, billing, customer information, and load control; employee transition costs for those employees severed from CMP as a result of AMI; and whether AMI should incorporate remote disconnect/reconnect switches for those customers whose accounts reflect frequent non-payment histories.

**2. ISO New England: To Leave or Not to Leave:** ISO New England (ISO-NE) operates and manages (but does not own) the regional electricity transmission system serving New England. It is authorized to perform these and related functions by the Federal Energy Regulatory Commission (FERC). In recent years, complaints have been raised by Governor John Baldacci, the Maine Public Utilities Commission (MPUC), our office, and many Maine industrial and commercial businesses, about aspects of ISO-NE's operations, including the fairness to Maine ratepayers of how ISO-NE allocates regional transmission costs to Maine customers. For example, we pay a portion of the cost of a very expensive transmission line built in Southwest Connecticut to provide customers there with sufficient power. There appears to be no direct benefit to Maine from this line. There is also the questionable merit of \$300 million in payments being assessed against Maine electricity consumers for generation capacity. This money goes to existing generators with no requirement that new generators get built to meet future capacity needs!

The Maine Public Utilities Commission has opened a proceeding to determine **if** it is in the public interest for Maine's investor-owned electric transmission and distribution (T&D) utilities to end their membership in ISO-NE. This proceeding requires a decision no later than January 15, 2009, after which the Legislature will review the Commission's decision.

An initial PUC Report describes our options as 1) remaining in ISO-NE but trying to negotiate better terms on these issues, 2) withdrawing from ISO-NE and setting up a Maine-only organization responsible for grid planning and reliability, or 3) joining with New Brunswick, Canada.

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We are participating in this proceeding, and have hired experts to help us.

**3. Transmission Cases:** On July 1, CMP and MPS filed their applications for Certificates of Public Convenience and Necessity at the PUC seeking approval to construct the **Maine Power Reliability Project** (“MPRP”) and the **Maine Power Connection** (“MPC”).

The CMP project, the MPRP, is primarily a “reliability project” – to keep the lights on, meet mandatory and enforceable standards, and reduce congestion, line losses and “out of merit” operation. The proposed cost of the project is \$1.4 billion. The proposal includes building a new, 345-kilovolt (kV) transmission line from Orrington, Maine to Newington, New Hampshire. The program includes investments in new substations, upgrades to existing substations, and improvements to the 115-kilovolt (kV) electric system in central Maine. Because the project includes about 8 miles of upgrades near the New Hampshire border, the Public Service Company of New Hampshire (“PSNH”), the PSNH joined in the filing of the petition.

The joint Maine Public Service (“MPS”)/ CMP project, the MPC, is designed to connect MPS area directly to the rest of the State’s bulk power system. Currently MPS is connected to Maine indirectly through transmission lines that cross New Brunswick. The cost of the project is approximately \$625 million. The project proposes to build approximately 200 miles of transmission lines and associated infrastructure between Limestone, Maine and Detroit, Maine. The project will provide transmission for a proposed 800 MW Aroostook Wind Energy (“AWE”) project, proposed to be sited in the service territory of MPS.

Generally costs for transmission upgrades are socialized among the region. Maine ratepayers pay about 8% of the total cost. ISO New England is a regional transmission organization serving Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont. ISO-NE operates New England’s bulk electric power system to ensure that New England’s future electric needs are provided for. It is ISO-NE that will make the decision regarding whether the costs of the transmission upgrades will be socialized. Both projects are seeking socialization of the costs. The MPC project will go forward only if the costs are socialized.

Our office has hired consultants to assist us with the cases. We are also working with other stakeholders to see how we could work collaboratively on these cases. We will review the projects and consider all resources that are available to provide for a least-cost solution to system reliability improvements. These resources include transmission, locating new generating facilities closer to locations in need of additional supplies, energy efficiency measures to reduce the amount of electricity transmitted and demand response.

**4. Energy East/Iberdrola Merger:** On February 7, 2008 the Maine Public Utilities Commission approved a stipulation entered into between the OPA and the other parties allowing Iberdrola S.A. of Spain to acquire Energy East, the parent Company of Central Maine Power and Maine Natural Gas. The stipulation included many conditions, most of which are intended to protect CMP ratepayers in the event that Iberdrola runs into financial difficulties. Others require reporting on various issues. There are conditions that will help



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the Commission in the event it concludes that Maine should take steps to pull out of ISO-NE, notably that CMP will not assert any federal pre-emption arguments and will act according to PUC orders. Finally, the Company made certain rate concession that will apply in the rate case currently pending before the Commission. The value of these rate concessions, in the aggregate, could end up totaling as much as \$86 million.

The merger has also been approved by the federal government and every state where Energy East operates except New York State. The staff of the New York State Public Service Commission has recommended that the merger not be approved. A decision by the New York Commissioners has not yet been issued. Without approval of the New York Commission, the merger will not take place.

**5. Mary Fournier, et al Request for Commission Investigation of CMP's Proposed Transmission Line in Eliot:** The case involves a ten-person complaint concerning CMP's rebuilding of an 115kV transmission line in Eliot, Maine. The issues include whether CMP's proposal solves the conductor overload issue and the placement of the new poles. The Examiner issued a report permitting the company's request but directing the company to meet with property owners to determine whether the property owners' preferences can be accommodated while maintaining adequate safety and reliability and reasonable costs. At year's end, a final decision was near.

**6. Bob Bemis, et al: Investigation of CMP's Acts and Practices Concerning Line Extensions:** Pursuant to a stipulation of the parties, Williams Consulting, Inc. was hired to review and verify CMP cost data and evaluate the relationship between CMP's current flat rate pricing and actual costs of its residential line extensions. Williams presented a draft report of their audit to the parties and pursuant to requests by all parties for clarification and further analysis will be submitting an amended report.

**7. Saco Transmission Certificate Case:** At the beginning of the fiscal year, the transmission certificate case was already a year old. Much litigation had already occurred, and a little more was conducted into the fall. Largely, however, this case now involved a search for alternative solutions to the location of the proposed line given that CMP's preferred route had upset many local Saco citizens. Following upon the end of litigation, parties began a series of meetings and negotiations involving a specific alternate route, its effect on other landowners in the area, and the extra cost involved. At year's end, there was still no definitive resolution, but the specific alternate route looked increasingly promising.

**8. CMP 2006 Stranded Cost Case:** At the beginning of the fiscal year, one item that was held over from the previous year's stranded cost case was decided. Over our strenuous objections, the Commission ordered CMP customers to pay \$900,000 for CMP's admitted failure to terminate a long-term 20-year contract that required CMP to purchase power at very high costs. The contract contained an "evergreen" clause, meaning that at the end of its stated 20-year term, it would automatically renew a year at a time unless one of the parties sent a notice of termination 6 months ahead of the automatic renewal date. For reasons that were unclear, CMP failed to send the letter at the right time allowing the power producer to successfully sue CMP and collect \$900,000, the value of the contract for another year. CMP

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then turned to the Commission and asked to recover this amount in rates. Unfortunately for ratepayers, the Commission agreed, saying that ratepayers were responsible because CMP's "mistake in administering the [contract] does not amount to imprudence." A motion for reconsideration received a "pocket veto" from the Commission.

**9. Bangor Hydro Rate Case:** In July, OPA staff helped negotiate a comprehensive settlement in Bangor Hydro's rate increase request. The Company had filed for a 9.7% increase in its distribution rates but agreed to only a 2% rate increase. Coupled with this was an agreement that its stranded cost revenue requirement would decrease by approximately 26%. The two combined represent a delivery rate decrease of approximately 5%, reflected in a draft stipulation. The Industrial Energy Consumers Group opposed this Stipulation and was afforded a hearing. Following this hearing, the Commission approved this Stipulation, providing for a slight increase in distribution rates in January followed by a drop in stranded cost rates in March.

**10. Eastern Maine Electrical Cooperative Rate Case:** In August, Eastern Maine Electric Cooperative filed a rate case seeking an additional \$825,000 in revenues, a 12 to 13% rate increase. In October, with the advice of an expert witness, we concluded that EMEC's requested 12.79% distribution rate increase was reasonable. Commission Staff also agreed this was a reasonable outcome, and a Stipulation was executed by the parties and approved by the Commission.

**11. CMP 2007 Stranded Cost Case:** We joined a stipulation in a case setting CMP's stranded cost rates for the next three years. Over that time, CMP's stranded costs would come down a total of \$171.6 million, and the impact on residential delivery rates would be a 9.4% reduction, effective March 1. Combined with the recent standard offer increase, CMP residential customers saw overall 2.5% increase in rates at that time. This overall increase would have been higher without this decrease in stranded costs.

**121. CMP 2008 Stranded Cost Reconciliation Case:** In a fairly simple case, we entered into a Stipulation with CMP that would have led to a \$1.2 million increase in CMP's stranded cost rates. However, the PUC rejected the stipulation because it had put off for later evaluation the rate impacts associated with HQ tie-line costs. At year's end, the parties were planning to reconvene with PUC staff to examine this issue.

**13. Bangor Hydro Hancock Transmission Line:** At the beginning of the fiscal year, a Certificate case for a 115 transmission line upgrade was nearing completion. We concluded, with the advice of an engineering consultant, that BHE's proposal to reinforce its transmission system in the Trenton area; thereby ensuring adequate service in the future to that area (including Mount Desert Island) was reasonable. This stipulation was supported by PUC Staff and approved by the Commission. The expected cost of this project is approximately \$21 million.



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### **E. TELECOMMUNICATIONS MATTERS**

**1. Acquisition of Verizon-Maine by Fairpoint Communications:** The Public Advocate retained four expert witnesses to assist us in this case, which was probably the most important telecommunications case ever considered by the PUC. The case began with months of data gathering, discovery and technical conferences. The Commission held several public witness hearings around the State so that all citizens would have an opportunity to express their views and concerns. Other major parties to the case included labor (CWA and IBEW) and the AARP.

In early fall, we participated in substantive negotiations that took place among the joint applicants and intervenors. While many of the issues were aired and the discussions were constructive, the telephone companies did not present any concessions, or agree to any of the proposed conditions, that might alleviate our serious concerns about the transaction and the financial viability of FairPoint.

Media interest in the proposed takeover of Verizon's northern New England landline operations became particularly high at the time of the 3 public hearings held by the PUC around Maine to allow people to comment on the proposal. We continued to be very skeptical about the FairPoint proposal and about the price they had agreed to pay Verizon. The Public Advocate provided direct testimony and elicited opposing witness testimony on cross-examination during several days of formal hearings before the PUC. Our evidence challenged the Verizon and FairPoint's case that approval would be consistent with the interests of Maine ratepayers.

Following completion of formal hearings before the PUC, the Public Advocate gave FairPoint and Verizon a list of conditions we believed to be essential to protect the interests of ratepayers and the public interest against likely adverse consequences from this historic telephone utility acquisition. A key element of our recommendations called for a restructuring of the agreement between FairPoint and Verizon so that Verizon, in effect, would be paid a lower price. That change was designed to allow FairPoint to operate with less debt. Absent meeting our conditions, we indicated that we would recommend rejection of the proposed acquisition.

In early November, we filed our 100-page brief with the Commission highlighting the important risks of the transaction and necessary safeguards to be put in place, before any Commission approval of FairPoint as the successor to Verizon-Maine. We recommended that the transaction be rejected unless the Commission were prepared to adopt conditions that offset, or prevent, numerous adverse consequences that we and our experts have identified. We also urged the Commission to require a much stronger DSL deployment program that would be more consistent with the Governor's goal of 90% availability. FairPoint's current plan fails to provide sufficient expansion in unserved areas.

At the end of November, the PUC Advisory Staff issued its Examiner's Report recommending that the Commission find that, taken as a whole, the proposed Verizon/FairPoint transaction subjects both ratepayers and shareholders to substantial risks and harms not out-weighted by any of its potential benefits. To a great extent, the Advisory

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Staff accepted most of the positions that the Public Advocate took in its brief. In response, we filed some limited “exceptions” to the Examiner’s Report.

In December, after more than 40 hours of negotiations, we reached an agreement with the companies, and with some of the other parties in the case, on a series of conditions which we believed would ensure the financial viability of the post-merger company while enabling them to carry out their promises for broadband, customer service quality, investments in Maine, and reduced rates for basic telephone service. A stipulation to this effect, including the dozens of items our office negotiated with the companies, was filed with the PUC at about 1 a.m. on Thursday, the same day on which the PUC had scheduled deliberations on the original proposal from FairPoint and Verizon .

On January 4, 2008, the PUC Commissioners approved the Stipulation in the FairPoint case. Following 12 hours of hearings and deliberations, the three PUC Commissioners voted unanimously to approve the stipulation negotiated by the OPA, FairPoint, Verizon, and others to settle the Verizon/FairPoint acquisition case.

**2. FairPoint Outage Prevention and 911 Issues:** We participated in proceedings seeking to find means to prevent past Verizon outages including those related to commercial power interruptions. We also continue to carefully monitor FairPoint's response to recent E911 service problems.

**3. FairPoint Privacy Policy:** We participated in negotiations and litigation seeking to ensure that FairPoint develop appropriate practices to ensure the privacy of its customers. However, after the PUC took initial steps to look into a ten-person complaint seeking an investigation of Verizon’s warrantless wiretapping and data mining at the request of the National Security Agency, a federal court enjoined the Commission from continuing its investigation, and later, Congress passed legislation granting retroactive immunity to Verizon and other large telephone companies from legal actions alleging unlawful violations of customer privacy rights.

**4. FairPoint Rate Reductions:** Having negotiated a telephone rate reduction of \$18 million per year for at least 5 years, we negotiated the details of the rate design scheduled to go into effect on August 1, 2008. Current estimates indicate that most residential basic local service customers will see rate reduction of approximately \$4.60 per month and business customers will see a rate decrease of about \$6 per month. FairPoint’s cutover delay required further proceedings and negotiations to determine how FairPoint will honor the August 1 date while it will not have the ability to change its billing until cutover, currently scheduled for early December, 2008. Under our agreement with the Company, customers will receive credits retroactive to August 1 to be issued after cutover. We also expect FairPoint to honor our agreement we negotiated that will result in maintenance of low DSL prices for at least 2 years.

**5. FairPoint Communications -- Oversight of Transition Efforts:** We participated in proceedings addressing questions of FairPoint’s “cutover readiness” under the stipulation that approved the Verizon/FairPoint merger. In our comments, we noted that FairPoint’s



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“Cutover Readiness Verification Plan” is not complete or sufficient. We also noted that, based on FairPoint’s own statements and the statements made by Liberty Consulting (on behalf of the Maine PUC), the cutover process itself is likely to be delayed. Finally, we suggested that the Commission initiate a public evaluation of the “delay” matters raised in Liberty’s draft report and its recent monthly reports. At this writing, there remains serious concerns about the timeliness and quality of the impending cutover, a very complex technical transition with few historical precedents. Under the transition services agreement with Verizon, Verizon continues to run the network and many operational systems at considerable expense to FairPoint. Until cutover, FairPoint cannot change its rates, products and services, or make other important improvements.

**6. Oversight of FairPoint’s DSL Deployment:** We participated in proceedings aimed at reviewing FairPoint’s progress in expanding DSL service in accordance with the Stipulation that we negotiated in the acquisition proceeding. FairPoint is constructing a more advanced “next generation” broadband-based network for areas currently unserved by DSL, and must finish constructing the backbone of that network before making new DSL services available to customers. Therefore, we don’t expect to see new DSL availability until the first quarter of 2009. We urged FairPoint to share as much detailed information as possible so that we can inform the many customers who call our office wondering if and when they will have access to broadband service.

**7. Helping to Expand Broadband in Rural Communities:** Despite our best efforts over the past year in getting Verizon and FairPoint to commit to significant investment to expand access to broadband, we know there are towns, or parts of towns, that will not get broadband access for 5 or more years. The Office of Public Advocate hears frequently from residents and businesses in towns that don’t have broadband now, or prospects for getting it in the near future. We respond to letters and emails sent to our office and to the Governor by people in similar situations. Because the FCC has pre-empted any state or local “regulation” of broadband providers, we have to be creative in how we get broadband expanded. In addition to the agreements we were able to negotiate with Verizon and FairPoint, we publicize through our Ratewatcher Telecom Guide the names of more than thirty often-small broadband providers (many using wireless technology) that provide broadband access to one or more communities in Maine.

We have recently been urging towns, or groups of neighboring towns, to invite major broadband providers (FairPoint and Time Warner) to meet with town officials and interested residents to discuss how these companies might bring broadband more quickly to these areas. Coupled with these community meetings, we urge local people to circulate sign-up sheets where local residents and businesses can indicate their willingness to subscribe to a company’s broadband service if the company will extend it to the town. Since these companies made broadband expansion decisions based on whether they believe there will be sufficient subscribers to cover the company’s costs for installing the equipment and infrastructure needed to bring in broadband. These sign-up lists, while not binding on the signers, can give the companies the ability to gauge potential revenues if they were to bring broadband to the town. For example, the selectpersons of the town of Fayette recently hosted a community meeting at which FairPoint talked about what portion of the town currently has

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broadband access, and whether there is sufficient interest in the unserved part of town to justify FairPoint expanding their broadband. While these community meetings and “potential customer” sign-up sheets don’t guarantee a community will get broadband service any sooner, it does offer communities an action they can take that may help speed the arrival of this important service.

**8. Union River Telephone Company – Proposed Replacement of its Copper Plant:** We participated in a proceeding to consider Union River’s request for approval of financing with respect to its plans to entirely replace its copper loops with fiber optic cable to the premises of all of its customers. Union River is one of the smallest telephone companies in the State. We will be watching this transition with interest and seeking to ensure that it proceeds in a manner that is in the interests of Union River’s customers. We ensured that ordinary telephone customers will not bear inappropriate burdens or risks as a result. We made it clear that we support and encourage this modernization and expansion of broadband and video services for the rural residents in Union River’s territory.

**9. Rulemaking Governing Designation of Carriers Eligible to Receive Federal Support:** We filed comments on the Commission’s proposed rule which will govern the obligations of wireless carriers that receive federal universal service support to expand wireless service in the State. We argued for various requirements designed to maximize the benefits of wireless expansion and, at the same time, provide greater protection for consumers of these companies who now receive public support.

**10. Meetings with Federal Communications Commission and Universal Service Administrative Company:** In his role as board member and treasurer of the federal Universal Service Administrative Company, Wayne Jortner met, on a quarterly basis, in Washington DC with the FCC. FCC Chairman Kevin Martin reappointed Wayne to a new three-year term on the board of directors of the federal Universal Service Fund’s Administrator (USAC). Wayne is the sole representative of consumers on this board and has recently been re-elected Treasurer by the full board.

**11. FCC Rural Health Care Pilot Project:** The FCC issued its order on the new Rural Health Care Pilot Program awarding the largest single funding grant to a Maine-based proposal to construct a new broadband telehealth network. It will receive up to 85% of the costs of the project. We acted as a resource to the designer and applicant of the highly successful Maine applicant. We attended a press conference at Husson College to hear comments from the Governor, Susan Collins, Tom Allen, Jim Rogers of Proinfonet, and others. Wayne Jortner was invited based on his role as Treasurer and board member of the \$8 billion federal Universal Service Fund, which administers and funds the new rural health care pilot program.

**12. Soft Dial Tone Rulemaking:** We argued strenuously to strengthen the Commission’s proposed rule that would require that emergency E911 access remain on disconnected telephone lines. We sought the availability of this emergency service with an indefinite time duration. In our view, the current rule contains unnecessary time limits for this important service while furnishing the service can be accomplished at negligible cost, under the

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proposed rule. Later, the Legislature, in its review of the rule, limited soft dial tone service to 30.

**13. Network Neutrality Monitoring and Report:** In response to LD 1675, “Resolve, Regarding Full, Fair and Nondiscriminatory Access to the Internet,” which directed our office to monitor federal and state activity relating to Internet access regulations and to report back to the UTE Committee by February 1, 2008 with information concerning monitoring the FCC’s inquiry into broadband industry practices, evaluating the actions of the Congress and federal agencies on this subject, reviewing Maine’s telecommunications and technology policies, and reviewing the extent of Maine’s authority to protect the rights of users of the Internet to full, fair and nondiscriminatory access to the Internet. We later issued our report to the legislative committee.

**14. Federal Communications Commission (FCC) -- Application for Re-certification of Maine Relay Service Contract:** We participated in developing the application to the FCC for re-certification of the Maine Telecommunications Relay Service (MERS). We drafted the section that explains how Maine funds the costs of MERS, i.e., by collecting assessments from the State's telecommunications carriers who pay those assessments into the State's universal service fund. We also reviewed the rest of the 60-page application.

**15. Lincolnville Telephone Reorganization:** The shareholders of Lincolnville Telephone Company, which also owns Tidewater Telephone (serving Damariscotta, Bremen and Newcastle), are proposing to sell the Company to its President, Shirley Manning. We hired an expert witness and are in the process of participating in this proceeding to ensure that this change in ownership will have no adverse impacts upon ratepayers.

**16. Pine Tree Networks and Time Warner’s Petition to Offer Digital Phone in Rural Telephone Areas:** The Commission opened 5 separate dockets in order to consider individually the economic effect of Time Warner’s competitive entry into independent telephone company territories for the purpose of providing Digital Phone service. Those rural territories are normally subject to a federal exemption from the obligation to interconnect with competitors. The Commission will weigh the advantages of this competitive entry with the potential harm to rural companies and their ratepayers. As Time Warner itself was not one of the petitioners, we filed a successful motion asking the Commission to join Time Warner as a party to these proceedings. We will not take a position in this case until we have an opportunity to examine all of the evidence. This case pits the interests of some ratepayers against that of others.

**17. Verizon Telephone Service Problems on Monhegan:** We worked with the Commission and parties, including a meeting on Monhegan Island at which representatives of Verizon explained the progress that Verizon appears to be making in replacing the radio system that provides telephone service to Monhegan Island. For the last four years, Island residents have been experiencing spotty telephone service. The causes of the problems do not appear to be weather-related but are more likely a function of the older microwave equipment and the corrosive effect of salt in the air. As a result, a new radio system will be fully tested and installed.



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**18. Stipulation with Verizon to Invest \$12 Million in DSL Expansion Pending FairPoint Proceeding:** The Commission approved our revised stipulation requiring Verizon to invest \$12 million in expanding broadband access in unserved and underserved areas of Maine. In return, the Public Advocate agreed to a delay in the decision on the Verizon rate proceeding wherein we proved that Verizon was substantially overearning and should have its rates reduced. By early 2008, Verizon added broadband access to 20 central office switching stations and 70 remote terminals, in 72 different towns, making broadband available to about 30,319 additional lines. This investment increased Verizon's overall broadband availability from approximately 63% of its lines to 70% of lines.

### ***F. NATURAL GAS MATTERS***

**1. Unitil's Acquisition of Northern Utilities:** Unitil, a relatively small electric and gas utility headquartered in New Hampshire, announced its plan to purchase Northern Utilities, the largest gas local distribution company serving in Maine. We have participated in a number of meetings and technical conferences with Unitil and have engaged in substantial data gathering. In July, we filed our expert testimony and plan to enter into negotiations exploring the possibility of settlement. If no settlement is reached, we expect formal hearings in the fall of 2008. We expect to negotiate the commencement of a low income assistance program for Northern as part of any overall settlement. This is an opportune time to introduce one because Unitil already operates low-income programs in its existing utilities in New Hampshire and Massachusetts and because the high cost of fuel has recently created a greater need for such programs in Maine. Maine's electric and telephone utilities already offer low income assistance programs. Overall, we are looking at Unitil's financial capability, management expertise, back office system transition, and gas portfolio planning. After all of the evidence is presented, we will determine what conditions to recommend in order to ensure that the acquisition is in the interests of ratepayers.

**2. Energy West's Acquisition of Bangor Gas:** We participated in proceeding considering Sempra Energy's sale of Bangor Gas to Energy West. We agreed to the acquisition because we determined that this reorganization will not affect rates during the next few years. Bangor Gas is a very small start-up gas utility in the Bangor area and was sold for a very low price.

**3. Cost of Gas Reconciliation Proceedings:** Every 6 months, each of Maine's 3 natural gas utilities file for a reconciliation of their cost of acquiring gas commodity. The cost of gas is a pass-through to customers and provides no profit to the utilities. Each utility files for a summer season rate and a winter season rate. In each proceeding, the Commission's staff examines the filings for accuracy and considers any issues that arise. These cases are relatively non-controversial but require significant staff time to monitor cost of gas reconciliations. At the end of each cost of gas proceeding, the Commission orders the applicable rate for the next 6 months and occasionally approves a mid-course correction when gas costs are volatile.

**4. Northern Utilities – Estimated Billing Issues:** Northern Utilities operates under a service quality benchmark program which provides for penalties when the Company fails to

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meet certain customer service standards. Over the last several years, Northern has had difficulty reading certain meters in a timely fashion and this has resulted in unduly long periods of estimated billing for some customers. Recent performance shortcomings resulted in potential penalties of as much as \$620,000. We participated in negotiations and discussed various alternatives including NU's investment in new smart meters that could be read remotely. We offered to mitigate the penalty in view of its relatively large size relative to NU's earnings in Maine and we agreed that part of the penalty would be used to induce Northern to invest in a program to install automatic meter reading devices. That program is well underway and should be completed soon. When completed, the problem of estimated billing and lack of access to some meters should be largely resolved. Accordingly, the service quality standard relating to estimated billing will be tightened to ensure Northern's improved performance. The monetary portion of the penalty will be provided in the form of a credit directly to customers on upcoming bills.

### **5. Northern Utilities – Monitoring of Installation of Automatic Meter Reading Devices:**

We participated in a series of meetings with representatives of Nisource Corporate Services (Northern's current parent pending the acquisition of Northern by Unitil) and Commission Staff to discuss the project for installation of AMR devices and meter replacements that began in spring 2008. Northern hopes to complete this project within a year. If necessary, Unitil, if approved, will complete the project. This will greatly ameliorate the long-standing problem Northern has had reading meters regularly which necessitated estimated bills for unduly long periods of time. The project was created as a result of incentives negotiated by OPA and Commission Staff whereby Northern was allowed a reduction in service quality penalties in exchange for the automatic meter reading project.

**6. Northern Utilities – Integrated Resource Planning:** We participated in an ongoing proceeding that will result in an order in both Maine and New Hampshire that will govern Northern's gas supply procurement practices and capacity assignment practices.

**7. Cast Iron Main Replacement Program Proposal:** As Northern has nearly completed replacement of all of its cast iron gas mains in the Lewiston Auburn area at a cost of approximately \$18 million, Commission Staff is expected to propose a similar program for the Portland and Westbrook areas that may cost as much as \$52 million. We have hired an expert witness to assist us in evaluating the costs and benefits of this proposal. We will be balancing the need to maximize safety with the need to ensure that safety is achieved in the most economical manner. We are not yet convinced that replacement of all cast iron mains in an accelerated program is the best way to ensure safety without undue expense.

## ***G. WATER DISTRICT AND WATER COMPANY CASES***

**1. Vinalhaven Water District -- System Development Charge:** In late 2005, ratepayers in Vinalhaven filed a ten-person complaint objecting to the size of the \$6,756 system development charge that the Vinalhaven Water District had adopted in 2003. We had worked closely with the petitioners to examine the Water District's rationale for establishing such a high system development charge. We found that the District had justified the size of the charge by relying on unlikely forecasts of growth in water usage. However, over the

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course of a year, and at several meetings, both in Augusta and on Vinalhaven, the trustees of the District were unwilling to reduce the charge. Finally, after we hired an engineer to provide an analysis critical of the Water District's growth projections, and after working with our own economist, in August 2008, we negotiated a settlement of the case. The parties agreed to reduce the system development charge to \$1,900 as a first step. That charge will be further reduced to \$1,400 for each new connection if the Water District installs a ultra-violet filtration system and is successful in obtaining State Revolving Loan Fund monies for the U/V system. The parties also agreed that former customers of the Water District would be permitted to reconnect to the water system without paying a system development charge if those former customers had been connected within the prior five years.

**2. Aqua Maine -- Hartland Division:** In July 2007, the Hartland Division of Aqua Maine proposed to increase its rates by \$52,200 or 19.46%. After a round of discovery by the Public Advocate and the Commission's advisory staff, the parties participated in a technical conference. At the conclusion of the technical conference, settlement negotiations took place and the parties agreed to a stipulation that settled the case with a slight decrease in the size of the revenue requirement proposed by the Hartland Division. It was agreed that rates would be increased by 19%.

**3. Aqua Maine -- Kezar Division:** In July 2007, the Kezar Division of Aqua Maine proposed to increase its rates by \$49,282 or 17.16%. After a round of discovery by the Public Advocate and the Commission's advisory staff, the parties participated in a technical conference. At the conclusion of the technical conference, settlement negotiations took place and the parties agreed to a stipulation that settled the case with a slight decrease in the size of the revenue requirement proposed by the Kezar Division. It was agreed that rates would be increased by 16.7%.

**4. Island Falls Water Department -- Proposed 51.6% Increase in Revenues:** In May 2007, customers in Island Falls signed a petition requesting that the PUC investigate the 51.6% revenue increase proposed by the Island Falls Water Department. Those customers were concerned that, due to poor management, the Water Department had unnecessarily needed to increase its expenses. In mid-July, we travelled to Island Falls and met with the customers who filed the petition. After two rounds of discovery, the parties held a technical conference in mid-October at which the Department provided materials that substantiated a good portion of its proposed rate increase. Another technical conference/negotiation session was held at the Commission in early November. The principle factor that drove the Water Department's revenue increase was the recent (30%) cut-back in volume of water purchased by the Department's largest customer, National Starch. As was the case with the first technical conference, the lead petitioner did not appear, or participate by telephone. At the conclusion of the technical conference, we negotiated with the Department. The Department accepted adjustments for wages, bad debt, the meter-replacement effort, and the miscellaneous expenses account. The Department also demonstrated that it had \$6,000 in rate case expenses -- way above the original estimate -- and it showed how it had miscalculated (and understated) its debt requirements. In the end we settled the case at the size of the Department's original proposed revenue requirement. (The Department's proposed revenue increase had grown both with its second filing, and in the re-calculated



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filing that had been handed out at the start of the technical conference.) After making adjustments for bad debt, salaries, meter purchase, and miscellaneous expenses, we agreed to a stipulation under which the Company was permitted to raise its revenues by \$64,000 or 52.8%.

**5. Passamaquoddy Water District -- Proposed 20.8% Increase in Revenues:** At the end of August, the Passamaquoddy Water District proposed to increase its rates by 20.8%. A group of customers petitioned and requested that the Commission investigate the rate increase. In addition, the City of Eastport, represented by its City Manager, petitioned to intervene, expressing concern about the increase to the Water District's public fire protection fee. During the course of a technical conference, and several conference calls, our Office urged adjustments involving jobbing-income, contractual services, bad-debt expenses, property taxes, and miscellaneous bridge-repair expenses. The case was resolved by a stipulation under which the Water District agreed that it would increase its revenues by only 19.3%.

**6. Hampden Water District -- Proposed 18% Rate Increase:** When the Hampden Water District proposed to increase its rates by 18% a group of Hampden customers submitted a petition requesting that the PUC investigate that rate increase. As the case began, in addition to the lead petitioner, several citizens intervened, as did the Town of Hampden. All parties requested that the PUC hold a "public witness hearing" in Hampden, so that ratepayers might make comments about a critical issue: the sizable increases in the salaries of the Water District's management. At the public witness hearing, customers expressed concern about the use of vacation time by management and about the failure by management to respond to customer requests. As the case moved towards settlement, the critical issues included the size of management salaries, the Water District's request (in Fall 2007) to collect salaries at a mid-2009 level, the levels of expenses for materials and supplies, and for miscellaneous expenses. Ultimately, the parties agreed to a stipulation that reduced the Water District's increase by \$82,000.

**7. Biddeford & Saco Water Company -- Proposed 15% Rate Increase:** When the Biddeford & Saco Water Company filed for a 15.05% increase in October 2007, the Commission suspended the increase. Three customers intervened in the proceeding including Funtown and the Servants of the Immaculate Heart of Mary. After discovery and two settlement conferences, the Company agreed to a stipulation under which its rates were increased by 10.46%. In addition, the parties agreed that the Company would be entitled to a further step-increase to reflect an upcoming increase in revenue requirements due to the completion by the Company of the Saco River Crossing project in the Spring of 2008.

**8. Buckfield Village Corporation (BVC) -- Proposed 7.8% Revenue Increase:** On November 1, 2007, the Buckfield Village Corporation (BVC) (which manages the Town's water utility), filed with the Commission for a 7.1% (or \$11,592) increase in revenues. The Commission's Staff noted that the BVC's filing did not include all the information required by the PUC order in BVC's prior rate case. The utility provided additional information about its use of Equivalent Dwelling Units (EDU) as a method for billing customers. Thereafter, the BVC provided responses to the data requests filed both by the Public Advocate and the

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Advisory Staff. Those responses included an updated filing reflecting year-end 2007 data that had not been available at the time the initial case was filed. In that updated data, BVC requested a rate increase of 7.8% (or \$12,670). After the review of discovery at a technical conference, the Public Advocate, Advisory Staff, and the BVC negotiated a settlement in which it was agreed that revenues would be increased by the \$11,592 (or 7.1%) that the BVC had originally proposed.

**9. Addison Point Water District -- Proposed 41.3% Revenue Increase:** In March 2008, the Addison Point Water District filed a proposed rate increase of 41.3%. Several sets of customers petitioned to intervene in the proceeding. The customers' concerns involve the size of the increase, the Water District's failure to hold public meetings, and the Water District's failure to respond to customers' request for service. It also appears that the Water District may not be collecting water rates from all its customers. In conversations, customers have indicated that the District's trustees appear to be a small self-appointed group that does not respond to customer concerns. Furthermore, it is evident from the Water District's filing and its responses to data requests that the District's trustees have failed to manage the Water District so that it obtains the records needed to substantiate its request for a revenue increase.

In the course of the still-unfinished proceeding, we have written letters to the first selectman in Addison urging him to intervene in the rate case. The initial case conference in this proceeding was held in June 2008, and at this writing, the first technical conference was scheduled to take place in early August.

**10. Moscow Water District -- Proposed 29.4% Revenue Increase:** At the end of November 2007, the Moscow Water District proposed to increase its rates by 29.4%. In mid-December 2007, thirty-two customers submitted a petition to the Commission requesting that it investigate the proposed rate increase. The lead petitioner in this proceeding was particularly active. She had attended a number of the meetings of the Water District that preceded the request for a rate increase, and as a result, she was concerned about the sizable increase in salaries that the Water District's board of trustees awarded to its employees after it filed for the 29.4% increase. As per usual, the Public Advocate and Advisory Staff submitted data requests to the utility. However, in response, in April 2008, the Water District took the unusual step of revising its rate filing to ask for a 51% increase in revenues. At the technical conference, the Public Advocate made a motion asking that the Commission reject the Water District's amended filing. Thereafter, the parties agreed to negotiate a settlement of the proceeding based on the risk now faced by the Water District that its amended filing might be rejected. After a couple of weeks had passed, the parties arrived at a settlement under which the Water District was permitted to increase its revenues by 33%, which provided the Water District just enough revenue to cover the salary increase that it had adopted well after it filed for its increased rates.

**11. Dixfield Water Department -- Proposed 29.04% Revenue Increase:** On April 1, 2008, the Dixfield Water Department submitted a rate increase filing to the Commission asking for a 29.04% increase its overall revenues. The filing was submitted pursuant to 35-A M.R.S.A. §307, as required by the stipulation in the Department's 2003 rate case. Sonya Fuller and Brenda Turbide, two customers who were active in that 2003 rate case, filed

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petitions to intervene, raising questions about whether the Water Department has satisfied all the commitments it made in the stipulation that resolved the various engineering and planning issues in the 2003 case. Ms. Fuller and Ms. Turbide also expressed concerns about the Department's decision to include in rates, annual expense amounts that are to be used for capital improvement, rather than relying on a loan from an institution such as Rural Development, the State Revolving Loan Fund, or the Maine Bond Bank. In late June, the Public Advocate travelled to Dixfield and met with the Town Manager/Water Department Manager, two selectmen, and the two intervenors, raising the question again as to why the Water Department is not financing its capital improvements through lost-cost loans, as most water districts do. The technical conference was postponed to a date at the end of July 2008. On July 22, the Water Department filed an updated rate filing that used 2007 data as text-year data. At this writing, the Public Advocate and the two intervenors are reviewing that updated rate filing.

**12. Fryeburg Water Company -- Rate Investigation:** In 2006, the Public Utilities Commission had started an investigation of the rate and revenues of the Fryeburg Water Company. The customer intervenors and the Public Advocate initially suspected that the revenues of the Water Company should be reduced. However, in August 2007, the Water Company submitted its Chapter 120 filing and proposed that its revenues be increased by \$128,000. After a technical conference, oral data requests, review by our consultant, and a lengthy negotiation, we agreed to settle the rate case for an \$84,000 increase that was based on the Company's 2007 capital improvements. The stipulation also included a provision for a second-step increase in order to adjust revenues for future construction to take place in 2008. In May 2008, we reviewed Fryeburg Water Company's proposed second-step increase. The Company had reduced by approximately 50% the step increase because it agreed to remove from rate base certain incomplete construction and because it was able to obtain extremely low financing for the remaining construction. As a result, the step-rate increase will be an increase of 2.87% rather than 5.73%.

**13. Fryeburg Water Company -- Request to Dissolve Affiliated Interest:** In February 2008, the Fryeburg Water Company requested that the Commission approve the sale of the Water Company's affiliate, Pure Mountain Springs (PMS), a wholesale water company, to Nestles Waters North America (a/k/a Poland Springs Bottling Company). After a meeting with the Water Company and the PUC's Advisory Staff, the Public Advocate agreed that it would not object to the sale of PMS to Poland Springs. Under the terms of the transaction, the Fryeburg Water Company agreed to rescind its notice that it would terminate the PMS/FWC contract within five years. The Public Advocate did not object to the transaction because the Water Company will still be receiving revenues from its wholesale sales and because the Water Company will obtain direct ownership of Well No. 3 and its surrounding nine acres rather than having only the rights to the output of the well. As a result, the Water Company will have greater control over its source of supply.

**14. Norridgewock Water District -- Proposed 63% Increase in Revenues:** In December 2007, the Norridgewock Water District filed with the Commission a proposed rate increase of \$73,286 (or 63%). The primary causes of the rate increase were the increased debt and depreciation costs related to significant water-main reconstruction and relocation projects



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that were required due to road and bridge work being done by the Maine Department of Transportation. In January 2008, 91 customers of the Water District signed a petition requesting that the Commission investigate the proposed increase. After the discovery stage, we participated in two technical conferences held in April and May at the Commission. The parties to the case agreed that the Water District should be permitted to increase its rates by 57%, effective June 2008. The Water District also agreed that it would ask an attorney to send a demand letter to a local contractor in an effort to collect reimbursement for damages caused when the local contractor broke the District's water main during construction.

**15. Howland Water Department -- Proposed 44% Increase in Revenues:** In October 2007, the Howland Water Department filed its proposal to increase rates by \$78,342 (or 44%). The primary causes of the rate increase were the debt and depreciation costs related to a major water-main reconstruction project. In December 2007, 109 customers filed a petition requesting that the Commission investigate the proposed rate change. The lead petitioner, Thomas Andrus, was active in formulating questions for discovery. A technical conference was held on April 17, 2008 at which the Water Department provided additional information about its proposed rate increase. At the end of the month, the parties met again and negotiated a settlement under which the Water Department was permitted to increase its revenues by 36% rather than by 44%. Adjustments were made to account for the increased costs that the Water Department will face as a result in the recent increase of the rate of the Lincoln Water District which supplies all of HWD's water.

**16. Bingham Water District -- Dispute Concerning Unauthorized Connection:** At the end of April, we were contacted by customers and Water District management in Bingham. They were concerned about the actions taken by a campground (North Country Rivers) to connect a three-inch service pipe to the transmission mains of the Bingham Water District (BWD) without first obtaining permission in advance from the Water District. Water District personnel and their engineers were concerned that the connection of such a service pipe to the system might result in significant reductions in water pressure to other nearby Water District customers. Some contacts were made with the Consumer Assistance Division (CAD) at the Commission. However, the CAD hesitated to get involved because it had not received a complaint from customers. To resolve this matter, we hired Ray Hammond, formerly the water engineer at the PUC, and asked him to go to Bingham and collect facts and data from both North Country Rivers and the Water District. Mr. Hammond attended a meeting in Bingham and explained the various PUC rules that govern connections to a utility's water system so that the two sides understood their respective rights and obligations. Thereafter, the dispute appeared to resolve itself. However, we did receive a couple of telephone calls from the Water District and its customers complaining that the result gave too much leeway to North Country Rivers.

**17. Machias Water Company -- Proposed 29% Revenue Increase:** At the end of November 2007, the Machias Water Company filed a proposed revenue increase of \$73,826 (or 29%). The Town of Machias, represented by its town manager, Betsy Fitzgerald, petitioned and was granted status as an intervenor. The Public Advocate filed two data requests and coordinated its efforts with Ms. Fitzgerald. At the technical conference, we expressed concern about the governance of the investor-owned utility. Our concern was that

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the three directors of the corporation are also the three employees of the utility. As a result, they vote on each other's salary. We noted that the salary of the superintendent appeared to be higher than salaries of superintendents at similarly sized water companies. At the conclusion of the conference, we told the Water Company representatives that we would settle the case if the Water Company was willing to reduce its request by approximately \$8,500. After the second technical conference, there was a short negotiation session and the Water Company agreed to reduce the size of its increase by \$12,000, so that the resulting increase was only an increase of 24%.

**18. Pine Spring Roads & Water Company -- Continuing Complaints by Customers:** In 2006, the PUC issued an order declaring that Pine Springs Roads & Water Company LLC was a public utility and was required to file tariffs at the Commission. Since that order, we are continuing to receive complaints of the customers of Pine Spring Roads & Water (PSR&W) about several problems, including iron and manganese particulates in the water and the lack of responsiveness and the general irritability of the utility's management. In October 2007, the Commission received a ten-person complaint from 42 customers from PSR&W. The complaint asked the Commission to investigate the Company's rates and practices, alleging that the rates are excessive, low-water pressure requires costly individual electric booster pumps for residences, and metal particulates in the water require individual filtration systems and the PSR&W water lines have not been flushed. In June the Public Utilities Commission issued an order responding to a ten-person complaint filed by PSR&W customers. In late March the Public Utilities Commission held a meeting in Shapleigh, Maine at the home of the PSR&W manager -- a meeting at which the customers, management, the Public Advocate, and the Public Utilities Commission discussed the issues raised in the complaint. In June, the Commission issued an order dismissing the ten-person complaint on the grounds that "interested persons, with the assistance of Public Utilities Commission staff, were able to resolve the Complaint to their mutual satisfaction." Nevertheless, the Commission ordered that PSR&W shall file an abbreviated Chapter 120 filing by March 2009, regardless of whether it intends to propose a change in rates; and PSR&W shall file an abbreviated PUC report annually if PSR&W is not otherwise required to file a full annual PUC report. The abbreviated annual report is to include information on plant & service, operation & maintenance expenses, revenues, water operations, and financial data that make up the balance sheet, the income statement, and flat cash flow statement.

At the end of June, several of the original petitioners contacted the Public Advocate Office and expressed an interest in continued oversight of the management of PSR&W management. Those customers also expressed concern about the "lighthanded-ness" of the PUC order dismissing the ten-person complaint.

**19. Aqua Maine/Skowhegan Division -- Proposed 16% Increase in Revenues:** In February 2008, Aqua Maine submitted a rate filing in which it requested to increase the rates for its Skowhegan Division by \$182,694 or 16.33%. The petitions to intervene submitted by the Town of Skowhegan and by the Somerset County Commissioners were both granted. After Aqua Maine provided responses to discovery, two technical conferences were held. The second of which took place in mid-July. At this writing, the parties had submitted a

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stipulation to the Commission for approval. Under the terms of that stipulation, the Skowhegan Division would be permitted to increase its rates by \$177,000 or 15.82%.

**20. Aqua Maine/Camden & Rockland Division - Proposed Two-Step Rate Increase:** On April, 2008, Aqua Maine submitted a rate filing to the PUC in which it proposed a two-step rate increase for the customers of its Camden & Rockland Division: a step-one increase of 6.75% and step-two increase of 3.69%. Under the Aqua Maine proposal, the second step would be put into place after completion of the construction of a replacement water storage tank in Thomaston. At the time of its filing, Aqua Maine estimated that the construction of that storage tank would be complete at the beginning of February 2009. At the case conference, the general counsel of the PUC announced that the Commission now “frowns” on proposals for two-step rate increases. She suggested that the Commission is unlikely to approve Aqua Maine’s proposed increases as filed, and suggested that the Company develop a different approach that might satisfy its needs. Data requests were submitted in June and data responses were provided in July. At the technical conference held in mid-July, Aqua Maine indicated that it would not be asking for a two-step increase. Its responses to discovery indicated that the replacement storage tank would not be fully constructed until mid-2009. Hence, it appears that Aqua Maine will submit a second rate filing sometime in May 2009. (Because Aqua Maine will also be building a new filtration plant for its Camden U& Rockland Division, Aqua Maine expects that it will be filing a third request for increased rates sometime early in 2010.) At the time of the writing, Aqua Maine is in the process of responding to a series of oral data requests asked at the mid-July technical conference. A second technical conference is scheduled for mid-August 2008.

### ***H. NUCLEAR WASTE MANAGEMENT***

**1. Legislative: Oversight of High-Level Radioactive Waste and Spent Nuclear Fuel:** The Administration, as part of the 2008 Supplemental Budget legislation, included language to eliminate the Public Service Coordinator III position of the State’s Nuclear Safety Advisor as of August 31, 2008.

In the same Act, the Legislature, in the interests of the public health and welfare of the citizens of the State, declared the public policy of the State that a facility licensed by the United States Nuclear Regulatory Commission (NRC) and situated in Maine must be overseen in a manner consistent with protection of the public health and safety and in compliance with the environmental protection policies of the State of Maine. They re-established a State Nuclear Safety Inspector in the Department of Public Health & Human Services for the on-site monitoring, regulatory review and, oversight of a facility in Maine that holds a license issued by the NRC.

The Legislative language established a non-lapsing fund within the radiation control program in the Department of Public Health & Human Service with all fees paid under this section deposited in the fund. The Radiation Control Program will oversee the fund and may disburse amounts in the fund to agencies or to other appropriate state funds in order to pay or contribute to the payment of costs incurred by agencies with respect to federal or state proceedings; safety, radiation and environmental monitoring; and security or other oversight-related activities related to the decommissioning of a nuclear power plant or the development or operation of an interim spent fuel storage facility in the State.



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Additionally, the Legislature enacted an Annual Assessment Fee on any licensee operating an interim spent fuel storage facility in the State to pay a fixed annual fee to cover all present and reasonably foreseeable future state fees, costs and assessments with respect to the licensee, including, but not limited to, the costs of any investigation; participation in wholesale rate proceedings; safety, radiation and environmental monitoring; and security oversight-related costs, consolidating current various fees and assessments imposed by the State on the licensee. The amount of the fixed payment was enacted as follows: Calendar year 2008, \$296,667; Calendar years 2009 to the 12th month of the year following the year the spent nuclear fuel is removed from the site, \$220,000 per year. The fees paid under this section are independent of and in addition to any compliance costs incurred either by the licensee or by any contractor hired by the Department of Environmental Protection to oversee, monitor or implement measures necessary to ensure compliance pursuant to the federal Resource Conservation and Recovery Act of 1976, as amended.

The legislation also requires representatives of the Office of the Public Advocate, the Department of Public Safety, the radiation control program of the department and the Department of Environmental Protection; an independent expert in radiological and nuclear engineering selected by the radiation control program in the department; and a licensee operating an interim spent fuel storage facility in this State, referred to in this section as "the licensee," to meet no fewer than 4 times per calendar year to review activities being undertaken by the licensee, the radiation control program in the department, the Department of Public Safety and other agencies of State Government, including, but not limited to, the department and the Department of Environmental Protection, with respect to ensuring: (1) the protection of public health and safety at the site of the interim spent fuel storage facility; and (2) timely contract performance by the United States Department of Energy regarding the removal of spent nuclear fuel from the site; to identify necessary activities to be undertaken by the parties in paragraph A for the next calendar year to ensure the protection of public health and safety at the site of the interim spent fuel storage facility and timely contract performance by the U.S. Department of Energy regarding the removal of spent nuclear fuel from the site; and to develop recommendations regarding funding requirements to carry out the activities prescribed by the enacted Statutes, and for the radiation control program in the department, in consultation with the Office of the Public Advocate, the Department of Public Safety, the Department of Environmental Protection, the independent expert in radiological and nuclear engineering selected and the licensee, to prepare and submit an annual report to the joint standing committee of the Legislature having jurisdiction over utilities and energy matters each year. The report must provide a summary of the review conducted and to include specific recommendations regarding funding requirements for the next calendar year. If the radiation control program in the department and the consulting parties are unable to agree on recommendations regarding funding requirements, the consulting parties shall submit their individual recommendations in writing to the radiation control program in the department and the department shall include the individual recommendations of the consulting parties in the report.

The Act granted authority for the joint standing committee of the Legislature having jurisdiction over utilities and energy matters to review the report submitted, including, but not limited to, the recommendations regarding funding requirements. On the basis of its

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review, the committee may submit legislation to amend the level of the annual fee required of the licensee.

Other Legislation carried over from the First Regular Session included, "An Act to Ensure Adequate Funding for the Oversight of Spent Nuclear Fuel Storage in Maine," sponsored by State Representative Seth Berry, Bowdoinham, aimed at averting a reduction in funding the State received from Maine Yankee and to stabilize the funding level at \$360,000 annually with an "inflation index" based on the CPI. The legislation also requested a lump sum payment in 2007, and every five years after, to pay for costs associated with the replacement of depreciated or obsolete capital equipment used in the state's conduct of the various monitoring activities at and around the former site of the Maine Yankee nuclear power plant and the current nuclear waste storage facility at that location. The proposal, which in its amended version included a number of the provisions also found in the portion of the Supplemental Budget referenced above, was rejected by the Legislature.

**2. Federal Activities:** The U.S. Congress continued to reduce funding requested for the U.S. Office of Civilian Radioactive Waste Management program in the Department of Energy Budget. The national repository program, which is required by federal Statutes, is now two decades behind schedule with another decade and a half, or longer, projected before possible completion, and only if funding is restored to anticipated levels. The House Appropriations Committee approved \$494.5 million for the nuclear waste disposal program (Program) for FY09 - \$247.3 million from the Nuclear Waste Fund (NWF) and \$247.2 million for Defense Nuclear Waste Disposal. The House consistently supported full funding for the Program; the Senate has routinely reduced the funding that has impeded the Program's progress. (The Nuclear Waste Fund collects an estimated \$760 million annually from nuclear utility consumers, which, on paper, is set aside for the permanent storage of high-level radioactive waste. Utility ratepayers have contributed in excess of \$20 billion dollars into the fund for a repository that was to have been operational by January 31, 1998.) (Maine Yankee consumers have contributed about \$195.2 million, of which about \$97.6 million has come from Maine citizens.)

The Program has faced cutbacks by Congress, including a cut of \$100 million in FY07 that resulted in a reduction of approximately 900 personnel and a reduction of \$108.1 million in the FY08 budget request that has resulted in a slippage of the best achievable opening date of the permanent repository from March 2017 to 2020.

Consequently, U.S. taxpayers' potential liability to nuclear contract holders will increase from approximately \$7 billion to approximately \$11 billion if the opening of a permanent repository is delayed from 2017 to 2020. The calculation of potential costs to taxpayers is a complex matter that depends on a number of variables changing year to year, but the current estimate predicts the liability will increase by \$500 million annually. The DOE have not calculated costs of delay to 2020 and beyond, nor has it yet estimated costs for further delay associated with keeping defense waste sites open longer than originally planned.

The SNSA personally, and through several organizations representing States' interest in the waste solution, has encouraged Congress to pass legislation to reclassify mandatory Nuclear Waste Fund (NWF) receipts as discretionary, in an amount equal to appropriations from the NWF for authorized waste disposal activities. Funding for the Program would still have to be requested annually by the President and appropriated by Congress from the NWF.

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**3. The State Nuclear Safety Advisor, (SNSA):** finished his tenure in the position remaining highly involved in national discussions on the lack of any defined action on the federally required national repository for high-level radioactive nuclear waste. The SNSA remained co-chair of the national task force for the national nuclear waste repository program as enacted by the U.S. Congress in 1984. The SNSA served on the Nuclear Waste Strategy Coalition, the Northeast High-level Radioactive Waste Transportation Task Force, and the Yankee Atomic - Federal Energy Regulatory Commission Rate Settlement Task Force, comprised of the Yankee Atomic plants in Maine, Connecticut, and Massachusetts.

In addition the SNSA was a sought after speaker on implications to States of the failure of Congress to keep the national nuclear repository program on schedule. The SNSA has presented remarks and has been a panelist before the U.S. Transport Council, the Institute of Nuclear Material Management, several regional Council of State Governments panels, as well as a number of Congressional Hill briefings sponsored by a host of organizations.

**Summary of Ratepayer Savings, 1982 to 2008  
Attributable to Public Advocate Interventions**

- |    |              |  |                |
|----|--------------|--|----------------|
| 1. | <b>FY 08</b> | Between July 2007 and July 2008, the Office was able to secure several victories for ratepayers. We helped negotiate lower rate increases for Bangor Hydro than the one originally proposed by the utility, saving \$2.4 million.  | \$ 2,400,000   |
|    | *            | Central Maine Power rate case and the Central Maine Power-Energy East merger with Iberdrola, these two cases led to reductions secured by the office. In the Energy East/Iberdrola that CMP would not pursue its request to recover \$48 million of alleged merger savings associated with the CMP-Energy East merger that was approved in 2002. This savings was realized in the subsequent agreement that resolved the ARP/rate case. In this rate case, we were instrumental in securing a \$20.3 million reduction in rates compared to what CMP requested. The bulk of the reduction was made up of cost of capital numbers.  | \$ 68,300,000  |
|    | *            | FairPoint acquisition of Verizon resulted in a rate reduction worth \$90 million over a five year period.  | \$ 90,000,000  |
|    | *            | Ratewatcher Telecom Guide is estimated to save people \$5 million a year.  | \$ 5,000,000   |
|    | *            | FairPoint/Verizon case, negotiated a reduced debt for FairPoint from the transaction through a payment at closing from Verizon to FairPoint of \$235,500,000   | NA             |
|    | *            | Various water utility cases where the OPA was the only non-utility party   | \$ 286,038     |
| 2. | <b>FY 07</b> | The PUC is required to review Verizon's AFOR every five years. At the time of the Commission's first review (in 2001), the Public Advocate asked the Commission to investigate Verizon's revenue requirement because we had good reason to believe that Verizon was over-earning. The AFOR statute requires that the Commission set local rates under an AFOR that are at, or below, the level of local rates that would be in effect for Verizon under traditional rate-of-return regulation.) In 2001, the Commission rejected the Public Advocate's request for a revenue investigation and permitted Verizon to enter a second five-year AFOR. The Public Advocate appealed that ruling to the Law Court and, in early 2003, the Law Court remanded the case to the PUC directing the Commission to examine Verizon's revenues, as required by the AFOR statute. The finding by the Commission Staff that Verizon has over-earnings of over \$32.4 million. At year-end the Commission had not made a decision as to whether to accept all the recommendations in the Examiner's Report. In addition, the Commission was considering A Stipulation that postponed consideration of the Examiner's Report until the first quarter of calendar year 2008.* | \$ 32,400,000* |



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**ATTACHMENT A**

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	* Various water utility cases where the OPA was the only non-utility party	\$ 214,182
<b>3.</b>	<b>FY 06</b> Maine Public Service rate case, reduction in final outcome attributable to testimony of OPA witnesses on issues not pursued by any other intervenor	\$ 994,000
	* Bangor Hydro ARP Adjustment, a .46% reduction from BHE's original request where the OPA was the only non-utility litigant	\$ 254,740
	* Maine Yankee incentive case at FERC, 50% share of reduction in final payment attributable to success in multi-party negotiations	\$ 400,000
	* Various water utility cases where the OPA was the only non-utility party	\$ 174,201
<b>4.</b>	<b>FY 05</b> Maine Yankee incentive case at FERC, 50% share of reduction in final payment attributable to success in multi-party negotiations	\$ 400,000
	* Central Maine Power Stranded Cost Case, 25% of the reduction resulting from the agreed-to 3-year levelization of stranded costs due to a 4-party stipulation	\$ 5,552,023
	* Maritimes and Northeast FERC Case, a negotiated discount of \$750,000 annually for Maine users of natural gas in a fund to be administered by the Public Advocate	\$ 750,000
	* Bangor Hydro-Electric Stranded Cost Case, a \$158,259 reduction resulting from an agreement to adopt lowered cost of equity component of carrying charges when the Public Advocate was the only party to file testimony	\$ 158,259
<b>5.</b>	<b>FY 04</b> Central Maine Power ARP Adjustment, a one-year benefit of \$1.33 million in lower rates due to the PUC's adoption of our arguments opposing a retroactive inflation adjustment sought by CMP	\$ 1,330,000
	* Maine Public Service Stranded Costs, a \$6.5 million reduction in amounts deferred for recovery over 2004 to 2008 due to our consultant's testimony with no other parties active in this case	\$ 6,500,000
	* Maine Public Service Distribution Rates, 50% of the difference between MPS's overall increase request of \$1.7 million and the final result of \$940,000	\$ 380,000
<b>6.</b>	<b>FY 03</b> Central Maine Power ARP Adjustment, a 7.82% reduction in distribution rates resulted from a 2001 settlement to which the OPA was the only non-utility litigant and which justifies a 50% share of this reduction	\$ 9,361,552
	* Verizon Sales Taxation Adjustment, at our instigation, Maine eliminated in February 2003 sales tax on a federal portion of Verizon's bills generating \$342,000 savings annually	\$ 342,000
	* Assorted Water Rate Case Savings, the OPA realized savings in rates of \$83,000 in a series of water district rate cases in	\$ 83,000

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2002-2003

**ATTACHMENT A**  
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<b>7.</b>	<b>FY 02</b>	Stranded Cost Cases (MPS, BHE, CMP), Maine Yankee's in-state owners agreed to flow back to ratepayers the credit received from Maine Yankee's insurer when the plant ceased operations	\$ 4,654,000
	*	Bangor Hydro Rate Case, BHE's rate increase request was Plan which we withdrawn by BHE in conjunction with a 6-year Alternative Rate negotiated for the 2002-2008 period	\$ 6,400,000
	*	Telephone Rate Cases, lowered levels of local phone rates for Tidewater Telecom and Lincolnville Telephone as a result of negotiated settlements	\$ 557,000
<b>8.</b>	<b>FY 01</b>	Maine Yankee Prudence Settlement (FERC/PUC), two in-state owners of Maine Yankee, CMP and BHE, agreed to acknowledge the increased value of Maine Yankee output in wholesale markets by agreeing to a reduction in recoverable stranded costs	\$ 14,200,000
<b>9.</b>	<b>FY 00</b>	CMP T&D Rate Case, Phase II, stranded cost reduction from excess earnings in stipulated resolution accepted by PUC on 2/24/00 ??	\$ 20,000,000
	*	Bangor Hydro T&D Rate Case, reduction in final PUC order on items where the only litigant challenging BHE's rate request was OPA	\$ 9,500,000
<b>10.</b>	<b>FY 99</b>	CMP T&D Rate Case, Phase I, reduction in final PUC order on items where the only litigant challenging CMP's rate request was OPA	\$ 28,000,000
	*	Maine Yankee Rate Case/Prudence Review (FERC), settlement of decommissioning case resulted in a \$19 million reduction of wholesale charges, 50% to be flowed-through to CMP, BHE, MPS. Also potential \$41 million reduction in stranded costs billed by MPS through 2008.	\$ 9,500,000
<b>11.</b>	<b>FY 97</b>	Consumers Maine Water Rate Case, \$8,000 reduction in final rate increase awards for Bucksport and Hartland where no other party filed testimony	\$ 8,000
<b>12.</b>	<b>FY 95</b>	NYNEX Rate Case, \$16.6 million reduction based on items proposed by no other party and adopted by PUC in final order	\$ 16,600,000
<b>13.</b>	<b>FY 91</b>	Bangor Hydro Rate Case, \$800,000 in lowered rates based on items by no other party and adopted by PUC on final order	\$ 800,000
<b>14.</b>	<b>FY 90</b>	CMP Rate Case, \$4 million reduction based on recommendations not duplicated by any other party which were adopted in the final order	\$ 4,000,000
<b>15.</b>	<b>FY 89</b>	New England Telephone Settlement, \$5 million reduction in intra-state where magnitude would have been less without our participation	\$ 500,000
	*	CMP Rate Case, only party to file for motion to exclude CMP's late	\$ 35,000,000

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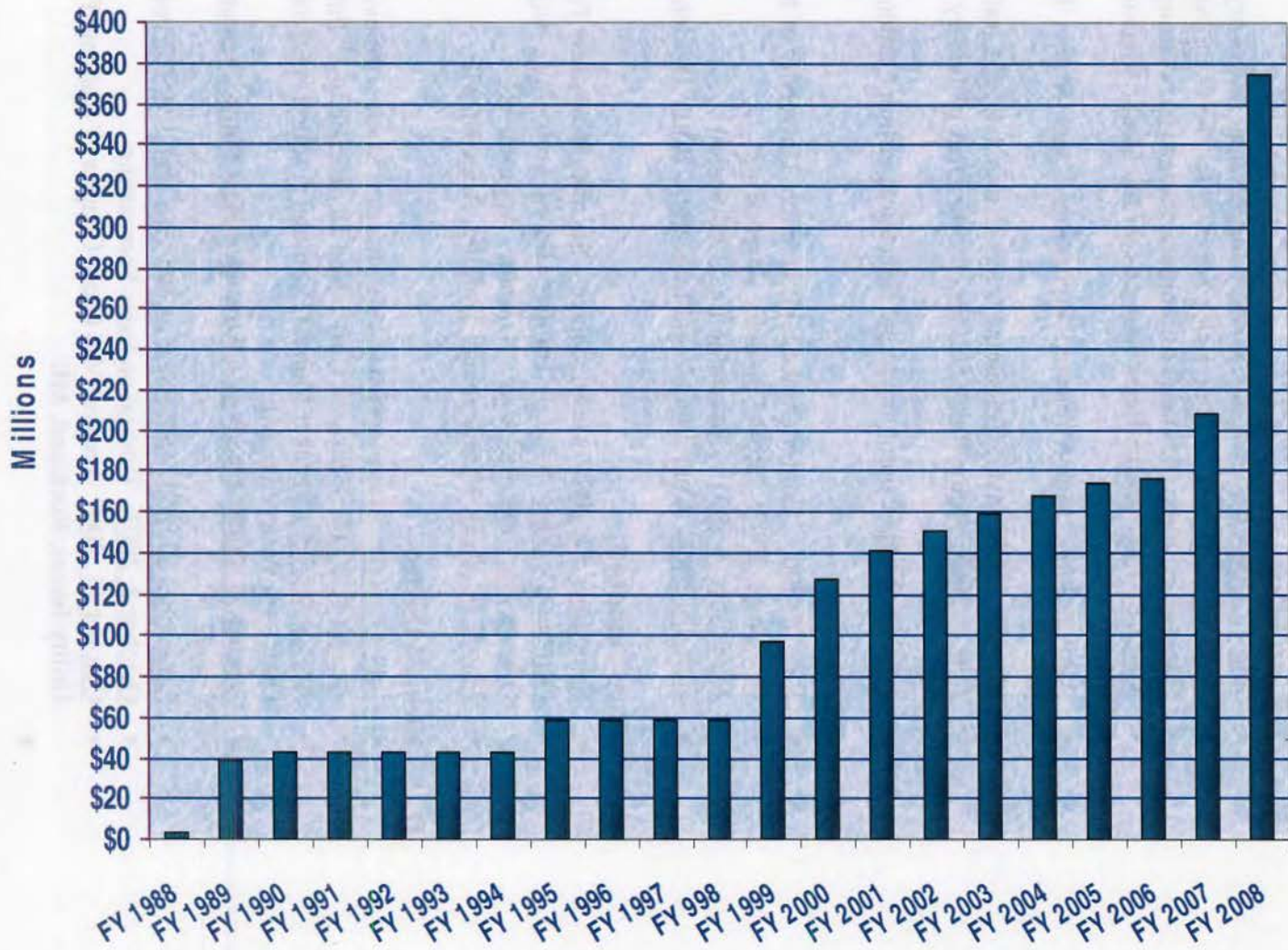
filed attrition testimony, motion granted 12/22/89

**ATTACHMENT A**

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	* Isle au Haut, instrumental in bringing telephone service to island	NA
<b>16.</b>	<b>FY 88 and prior</b>	
	* Bangor Hydro Rate Case, provided sole rate of return testimony	\$ 2,000,000
	* Maine Yankee Rate Case, (FERC), successfully proposed equity return at 11.9% and flow-through of \$1.5 million settlement with Westinghouse	\$ 750,000
	* Portland Pipeline Cases, successfully intervened at FERC, PUC, DOE Natural Energy Board (Canada) for approval of new gas supplies	NA
	* Seabrook Cases, negotiated agreement for \$85 million write-off by CMP and for PUC and FERC approval of sale of Seabrook shares	NA
	* CMP Conservation Programs, worked closely with CMP, PUC and OER for design of new industrial and residential conservation programs	NA
	* Rate Cases: Maine Public Service, 1982 - litigated	\$ 2,000,000
	Eastern Maine Electric Coop. 1983 - litigated	\$ 200,000
	New England Telephone 1983 - litigated	\$ 10,000,000
	New England Telephone 1984 - stipulated	\$ 20,000,000
	Northern Utilities, 1981 - stipulated	\$ 100,000
	Northern Utilities, 1983 - stipulated	\$ 1,000,000
	Central Maine Power Co., 1982 - litigated	\$ 5,000,000
	Central Maine Power Co., 1984 - stipulated	\$ 10,000,000
	Central Maine Power Co., 1986 - stipulated	\$ 20,000,000
17.	Total FY 89-FY 06, excluding settlements	\$ 127,980,000
18.	Total FY 89-FY 08, Including Settlements	\$ 374,413,175
19.	Prior Savings, including settlements, FY 82-FY 88	\$ 71,050,000
20.	Total, excluding settlements, FY 82-FY 08	\$ 152,180,000
21.	Total, Including Settlements, FY 82-FY 08	\$ 481,463,175

Cummulative Savings in Rates 1988 to 2008





**Maine Speaking Engagements, Continuing Education  
& Developmental Training  
July 2007 through 2008**

**A. William Black**

- July 13, 2007: Maine Relay Services for the Deaf (Advisory Board) Bangor, ME
- September 20, 2007: Maine Relay Services for the Deaf (Advisory Board) Augusta, ME
- February 6, 2008: Maine Telecommunications Users Group – Portland, ME
- March 7, 2008: Maine Relay Services for the Deaf (Advisory Board) Mackworth Island, ME
- April 2, 2008: Maine Telecommunications Users Group - Thomas College, Waterville, ME
- May 29, 2008: Maine Telephone Users Group Annual Conference, Portland, ME
- June 6, 2008: Maine Relay Services for the Deaf (Advisory Board) Mackworth Island, ME
- June 26, 2008: Continuing Legal Education, Hilton Garden Inn, Portland, ME

**B. Eric Bryant**

- July 25, 2007: Continuing Legal Education, University of Maine at Augusta
- October 2, 2007: Tutorial on Sales Forecasting
- November 7, 2007: Continuing Legal Education
- June 26, 2008: Continuing Legal Education, Hilton Garden Inn, Portland, ME

**C. Mary Campbell**

- September 27, 2007: MeAdvantage – Security Workflow Training, Augusta, ME
- October 31, 2007: Records Training (Email Archiving), Augusta, ME
- February 8, 2008: Blackberry Training, Augusta, ME
- March 13, 2008: MeAdvantage Training, Augusta, ME

**D. Richard Davies**

- July 17, 2007: Attorney General's Consumer Matters Television Show
- August 8, 2007: Speaker at Cliff Island Dedication of 1<sup>st</sup> Public Interest Pay Phone
- August 9, 2007: Speaker Maine Community Action Association Energy and Housing Directors, Waterville, ME
- August 27, 2007: Meeting on Advanced Heat Pump Technology, University of Maine – Orono
- September 27, 2007: Interview on WVOM-FM, RE: FairPoint Proposal
- October 2, 2007: Tutorial on Sales Forecasting
- October 11, 2007: Speaker Mid Coast Chapter of National Federation of Businesses RE: Utility Issues, Rockland, ME
-



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**ATTACHMENT B**

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- October 24, 2007: Educational Workshop – “Carbon Capture & Storage” RE: Twin River Coal Gasification Project, Wiscasset, ME
- November 2, 2007: Speaker Colby College Class on State Energy Policy and Interplay With Environmental Policy, Waterville, ME
- November 14, 2007: Interview on WVOM-FM, RE: FairPoint & Verizon
- November 28, 2007: Speaker Maine Citizens Monitoring Network (on nuclear issues), Bath, ME
- November 29, 2007: Panelist on MaineWatch Television Show, RE: FairPoint & Verizon, Lewiston, ME
- December 13, 2007: Interview on WVOM-FM, RE: FairPoint Deal
- January 15, 2008: Speaker Dirigo Electric Co-op Meeting, Augusta, ME
- January 28, 2008: Interview on WVOM-FM, RE: Iberdrola, Standard Offer Increase, Retroactive Immunity
- March 31, 2008: Interview with Channel 8, RE: Fairpoint (Hallowell, ME)
- April 8, 2008: Interview on WVOM-FM, RE: Court of Appeals Decision re: Forward Capacity Market
- May 9, 2009: Speaker MCAA Energy and Housing Directors (Bar Harbor)
- May 19-20, 2008: Managing in State Government, Augusta, ME
- June 9, 2008: Panelist at Piscataquis County Economic Development Commission Annual Meeting, Greenville, ME
- June 18, 2008: Panelist at TAM Annual Meeting, Rockport, ME

**E. Agnes Gormley**

- October 2, 2007: Tutorial on Sales Forecasting
- June 26, 2008: Continuing Legal Education, Hilton Garden Inn, Portland, ME
- July 25, 2007: Continuing Legal Education

**F. Wayne Jortner**

- June 26, 2007: PROP presentation, Woodford's Club, Portland, ME , speaker
- July 17, 2007: Attorney General's TV Consumer Matters Television Show
- September 12, 2007: Kennebunk Meeting Place for Seniors, speaker
- November 16, 2007: Maine Rural Partners Broadband Presentation, Herman, ME
- November 29, 2007: Gardiner Rotary Club, speaker
- December 5, 2007: Continuing Legal Education, Togus VA, ME
- December 7, 2007: Ratewatcher Interview -- Bangor area radio station
- December 12, 2007: Continuing Legal Education, MBA
- February 6, 2008: Maine Telecommunications Users Group – Portland, ME
- February 7, 2008: Blackberry Training, Augusta, ME
- March 12, 2008: Continuing Legal Education, Telephone Seminar
- March 28, 2008: Continuing Legal Education, Regency, Portland, ME
- April 2, 2008: Thomas College, Waterville, ME, speaker

- April 8, 2008: American Legion Post, Augusta, ME, speaker
- April 11, 2008: Augusta-area retirees seeking information about the digital TV conversion, speaker
- May 2, 2008: Continuing Legal Education, Sea Dog Conference Rm., Bangor, ME
- May 29, 2008: Maine Telephone Users Group Annual Conference, Portland, ME

**G. Patty Moody-D'Angelo**

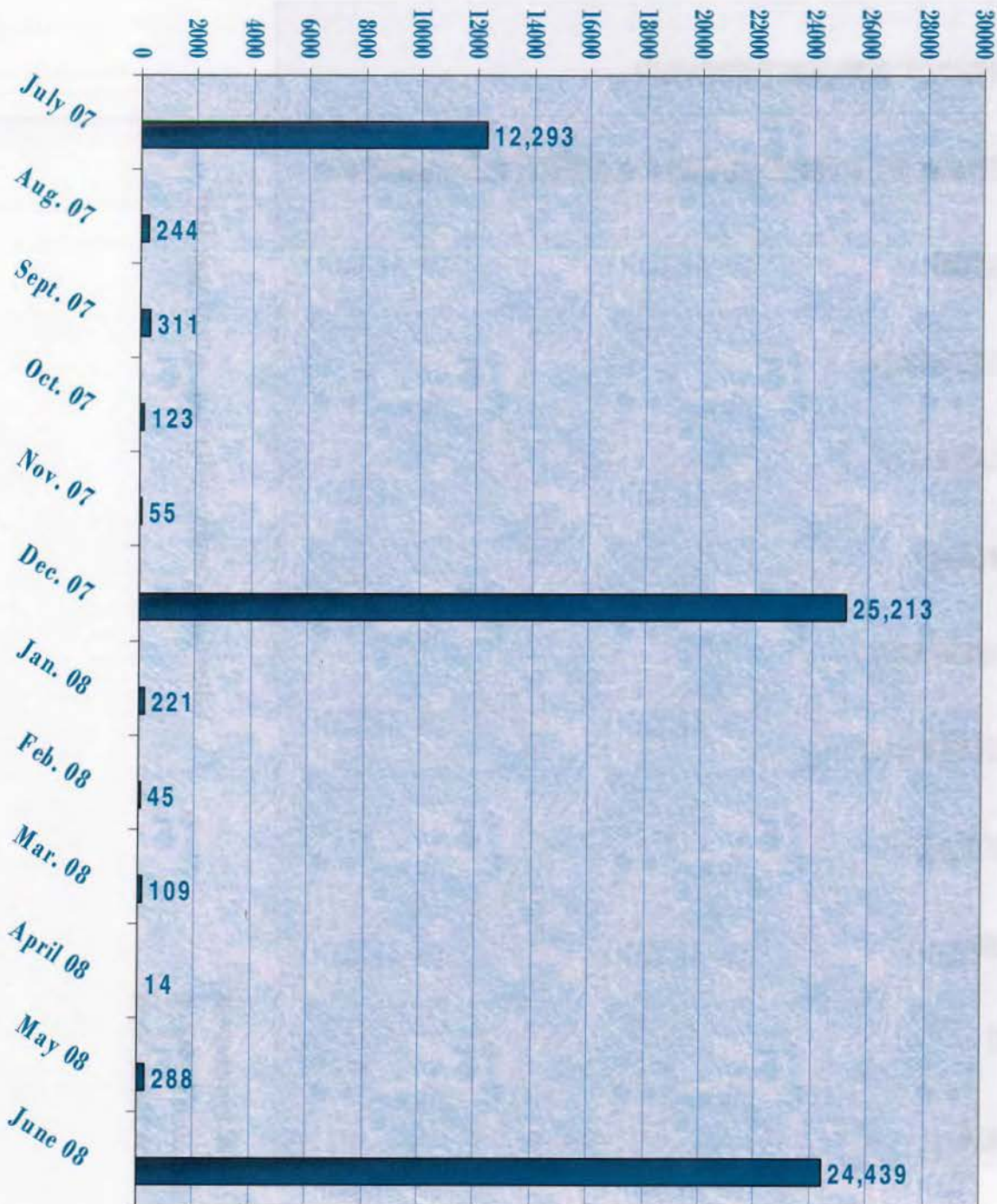
- July 13, 2007: Maine Relay Services for the Deaf (Advisory Board) Bangor, ME
- September 20, 2007: Maine Relay Services for the Deaf (Advisory Board) Augusta, ME
- October 30, 2007: Records Training (Email Archiving), Augusta, ME
- February 7, 2008: Blackberry Training, Augusta, ME
- March 3, 2008: Maine State Retirement Training Seminar, Augusta, ME
- March 7, 2008: Maine Relay Services for the Deaf (Advisory Board) Mackworth Island, ME
- May 29, 2008: Maine Telephone Users Group Annual Conference, Portland, ME
- June 6, 2008: Maine Relay Services for the Deaf (Advisory Board) Mackworth Island, ME

**H. Deborah Tondreau**

- October 31, 2007: Records Training (Email Archiving), Augusta, ME
- March 13, 2008: MeAdvantage Training, Augusta, ME

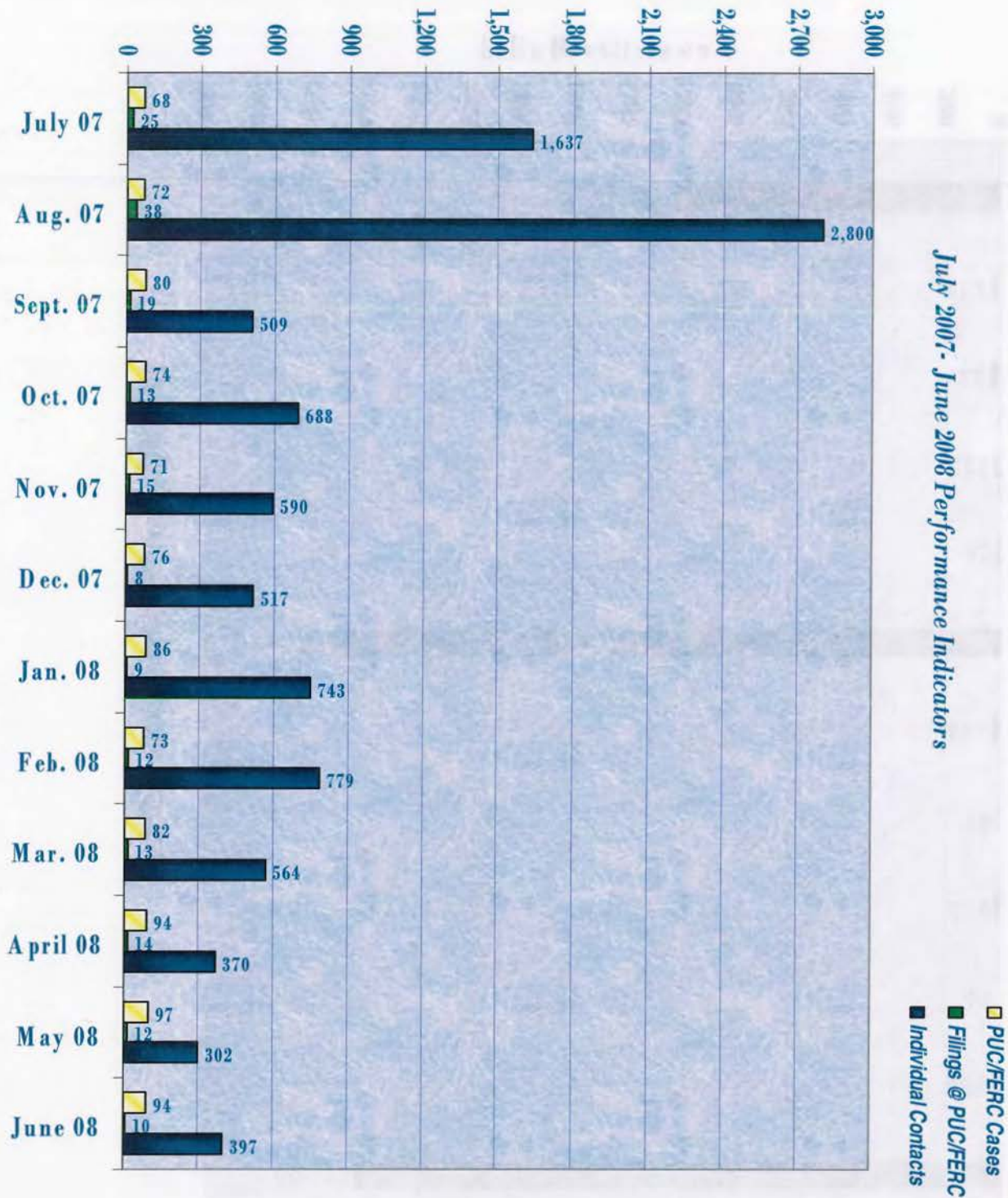


### Newsletter Mailed



July 2007 - June 2008 Performance Indicators

July 2007 - June 2008 Performance Indicators





**\*\* 123rd LEGISLATURE, 2nd SESSION**

OPA position adopted: 21 87.5%  
OPA position rejected: 3 12.5%  
Bills OPA testified on: 24 100.0 %

**0186 An Act to Provide Funding to the St. Francis Water District for New Wells**

Appr Sponsor: Jackson

Description:

OPA position: support Committee action: **ONTP**

**0398 An Act to Require Transmission Lines to be Placed Underground Near Certain Facilities**

Sponsor: Valentino

Description: PUC may not approve CPCN line unless parts adjacent to residential area, playground, school, child care, recreational camps are underground. Exemption if technologically infeasible.

OPA position: oppose Committee action: **ONTP**

**0435 An Act to Require Utilities and Competitive Service Providers to Pay Interest on Overestimates of Electric Power Bills**

Sponsor: Nutting

Description: 5% interest

OPA position: support Committee action: **ONTP/OTPA ONTP**

**1098 An Act to Promote Electricity Transmission Independence**

Sponsor: Bliss

Description: Allows PUC to require T&D's to divest plants if rates lower, or if T&D builds even if PUC denies CPCN

OPA position: support Committee action: **ONTP**

**1099 An Act to Encourage Wind Energy Development**

Sponsor: Strimling

Description: FAME, tax breaks, Pine Tree Zone, DEP rules streamlined

OPA position: n/a Committee action: **ONTP**

**1216 Resolve, to Establish a Study Commission to Stimulate Telecommunications Investment, Economic Development and Job Creation**

Sponsor: Edmonds

Description:

OPA position: nf/na Committee action: **ONTP**



**1221 An Act to Amend the Charter of the Kennebunk Light and Power District**

Sponsor: Sullivan

Description: eliminates PUC review, except for disputes about cost of plant

OPA position: nf/na

Committee action: **OTP-AM (div rep)**

**PL Ch. 35**

**1248 An Act to Establish the Northern Maine Power Agency**

Sponsor: Sherman

Description: To procure standard offer power supply.

OPA position: nf/na

Committee action: **OTP-AM**

**PL Ch. 481**

**1918 An Act to Ensure Adequate Funding for the Oversight of Spent Nuclear Fuel Storage in Maine**

Sponsor: Berry

Description:

OPA position: nf/na

Committee action: **OTP-AM ONTP**

**1935 An Act to Promote Competition in Maine's Electric Industry**

Sponsor: Strimling

Description: allows entities other than T&D utilities to compete with a T&D utility affiliated w/ a person who owns or operates a source of electrical generation in Maine.

OPA position: Oppose

Committee action: **ONTP ONTP**

**1936 An Act to Include the Town of Nobleboro Within the Service Area of the Great Salt Bay Sanitary District**

Sponsor: Dow

Description:

OPA position:

Committee action: **OTPA**

**P&S Ch. 38**

**1942 An Act to Provide a Rebate for Clean Energy Geothermal Heating Units**

Sponsor: Carter

Description:

OPA position: Support

Committee action: **OTPA /ONTP**

**Resolve Ch. 156**

**1945 An Act to Update the Regional Greenhouse Gas Initiative**

Sponsor: Koffman

Description:

OPA position:

Committee action: **OTPA**

**PL Ch. 608**

**1955 An Act Regarding Certain Positions at the Public Utilities Commission**

Sponsor: Bartlett

Description:

OPA position: Support

Committee action: **OTPA**

**PL Ch. 482**

**1988 An Act to Protect Persons Responding to an Emergency Situation Involving a Water Utility**

Sponsor: Bryant

Description:

OPA position:

Committee action: **ONTP**

**1989 An Act to Clarify Maine's "Do Not Call" Laws**

Sponsor: Bartlett

Description:

OPA position: Support

Committee action: **OTPA**

**PL Ch. 489**

**2002 An Act to Protect Electricity Consumers of Northern Maine**

Sponsor: Martin

Description: adds requirements for approval of siting transmission lines if the PUC finds that rates of consumers in a utility service territory will increase as a foreseeable direct consequence of the line's operation, limits eminent domain rights to lands or easements associated with siting, permitting, construction or operation of transmission lines that would adversely affect the T&D utility's ratepayers, and establishes a procedure for a Northern Maine long-term standard offer.

OPA position: Support

Committee action: **OTPA**

**PL Ch. 575**

**2041 An Act to Decrease Energy Costs on Swans Island and Frenchboro**

Sponsor: Pingree

Description: allows Swans Island and the Town of Frenchboro's islands to sell wholesale generation service to reduce its cost of providing retail service.

OPA position: Support

Committee action: **OTPA /ONTP**

**P&S Ch. 36**

**2050 An Act to Protect Maine Consumers of Electricity**

Sponsor: Pingree

Description: defines "compliant" and "noncompliant" T&D utilities, prohibits the PUC from granting temporary rates to noncompliant T&D utilities, requires the PUC to develop an expedited process to ensure that the new service of a person seeking to provide service within the territory of a noncompliant T&D utility meets guidelines and requirements, and describes what a noncompliant T&D utility must do to regain certain powers lost due to its noncompliant status.

OPA position: Support

Committee action: **OTPA**

**Resolve Ch. 177**

**2060 An Act to Create Consistency in the Authority of the Public Utilities Commission to Provide Tariff Exemptions**

Sponsor: Bliss

Description:

OPA position: Support

Committee action: **OTP**

**PL Ch. 478**



- 2061 An Act to Clarify the Qualifications of Installers Under the Solar Energy Rebate Program**  
Sponsor: Miller  
Description:  
OPA position:                      Committee action: **OTPA**                      **PL Ch.493**
- 2076 An Act to Amend the Charter of the Norway Water District**  
Sponsor: Millett  
Description:  
OPA position:                      Committee action: **OTP**                      **P&S Ch.32**
- 2103 Resolve, Directing the Public Utilities Commission to Study Existing Barriers to Digital Telephone Service Access in Rural Areas of the State**  
Sponsor: Robinson  
Description:  
OPA position: nf/na                      Committee action: **ONTP**                      **ONTP**
- 2104 An Act to Provide for Fairness and Accuracy in Utility Rate Setting**  
Sponsor: Berry  
Description:  
OPA position: Support                      Committee action: **OTPA / ONTP**                      **PL Ch. 550**
- 2117 An Act to Create the Starboard Water District**  
Sponsor: Raye  
Description:  
OPA position:                      Committee action: **OTP**                      **P&S Ch. 34**
- 2126 An Act to Minimize Carbon Dioxide Emissions From New Coal-Powered Industrial and Electrical Generating Facilities in the State**  
Sponsor: MacDonald  
Description:  
OPA position:                      Committee action: **OTPA**                      **PL Ch. 584**
- 2133 An Act to Establish Consistent Consumer Protections for Cable and Video Programming Customers**  
Sponsor: Bliss  
Description:  
OPA position: Support                      Committee action: **OTPA**                      **PL Ch. 548**
- 2135 An Act Regarding Certain Activities of Electric and Gas Utilities**  
Sponsor: Bromley  
Description:  
OPA position: Support                      Committee action: **OTPA / ONTP**                      **Resolve Ch. 168**

**2141 Resolve, Regarding Legislative Review of Portions of Chapter 3: Provision of Enhanced E-9-1-1 Access-only Service, a Major Substantive Rule of the Public Utilities Commission**

Sponsor: Bliss

Description:

OPA position: Support

Committee action: **OTPA**

**Resolve Ch. 151**

**2149 An Act to Lower Energy Costs and Increase Renewable Energy in Maine**

Sponsor: Pingree

Description:

OPA position: Support

Committee action: **OTPA**

**Resolve Ch. 183**

**2179 An Act to Promote Residential and Commercial Energy Conservation**

Sponsor: Bartlett

Description:

OPA position: Support

Committee action: **No action taken**

**Indef.**

**Postponed**

**2180 An Act to Ensure the Integrity of Prepaid Calling Accounts**

Sponsor: Adams

Description:

OPA position: Support

Committee action: **OTPA**

**PL Ch. 511**

**2182 An Act to Allow Civil Penalties for Damaging Utility Property or for Theft of Utility Services**

Sponsor: Bliss

Description:

OPA position: Support

Committee action: **OTPA / ONTP**

**PL Ch. 553**

**2238 An Act to Regarding Tort Liability in the Provision of E-9-1-1 Access-only Service**

Sponsor: Bliss

Description:

OPA position: Support

Committee action: **OTP**

**PL Ch. 504**

**2246 An Act to Extend the ConnectME Authority**

Sponsor: Bliss

Description:

OPA position:

Committee action: **OTP**

**PL Ch. 698**



**2254 Resolve, Regarding ISO New England**

Sponsor: Bartlett

Description:

OPA position: Support

Committee action: **OTPA / ONTP**

**Resolve Ch. 193**

**2255 An Act to Protect Maine's Energy Sovereignty Through the Designation of Energy Infrastructure Corridors and Energy Plan Development**

Sponsor: Bartlett

Description:

OPA position: Support

Committee action: **OTPA**

**PL Ch. 656**

**2265 An Act to Reduce the Amount Collected for the Purpose of the E-9-1-1 System**

Sponsor: Rines

Description:

OPA position:

Committee action: **OTPA**

**PL Ch. 637**

**2266 An Act to Promote Municipal Wind Generation Development**

Sponsor: Martin

Description:

OPA position:

Committee action: **OTPA**

**PL Ch. 671**

**2269 An Act to Strengthen Maine's Consumer Protections Against "Slamming"**

Sponsor: Rines

Description:

OPA position: Support

Committee action: **OTPA**

**PL Ch. 671**

**2279 An Act to Ensure Equitable Payment for E-9-1-1 Services**

Sponsor: Mitchell

Description:

OPA position:

Committee action: **OTPA**

**PL Ch. 622**

**2283 An Act to Implement Recommendations of the Governor's Task Force on Wind Power Development**

Sponsor: Bartlett

Description:

OPA position: Support

Committee action: **OTPA**

**PL Ch. 661**

**2292 Resolve, to Establish a Stakeholder Group to Study the Sale or Lease of the State's Excess Broadband Capacity**

Sponsor: Dill

Description:

OPA position:

Committee action: **ONTP**



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ATTACHMENT F

**PUBLIC ADVOCATE STAFF TIME  
BY UTILITY CATEGORY & PROJECT:  
FISCAL YEAR 2008**

<b>A. ELECTRICITY</b>			<b>100.00%</b>	<b>4,537</b>	<b>40.30%</b>
<b>1. Federal</b>		<b>140</b>	<b>3.09%</b>		
ISO/NE	113				
FERC	21				
NASUCA	6				
<b>2. State</b>		<b>4,291.5</b>	<b>94.59%</b>		
COALITION	6				
GOVERNOR'S INITIATIVE	264				
LEGISLATURE/HEARINGS	370				
POLICY	82				
PUC	3282.5				
COMPLAINTS	53				
TRANSMISSION	234				
<b>3. Other</b>		<b>105.5</b>	<b>2.33%</b>		
NEWSLETTERS	27				
PUBLIC SPEAKING	19.5				
ADMIN.	59				
<b>B. FERRY</b>			<b>100.00%</b>	<b>3.5</b>	<b>0.03%</b>
<b>1. State</b>		<b>3.5</b>	<b>100.00%</b>		
PUC	3.5				
<b>C. TELEPHONE</b>			<b>100.00%</b>	<b>3,446.5</b>	<b>30.62%</b>
<b>1. Federal</b>		<b>301</b>	<b>8.73%</b>		
FCC	266				
NASUCA	27				
CONGRESS	8				
<b>2. State</b>		<b>2,637.5</b>	<b>76.53%</b>		
PUC	2033.5				
GOVERNOR'S INITIATIVE	32				
POLICY	81				
LEGISLATURE/HEARINGS	172				
COMPLAINTS	319				
<b>3. Other</b>		<b>508</b>	<b>14.74%</b>		
PUBLIC SPEAKING	28				
TELEPHONE GROUPS	61.5				
TRAINING	3				
NEWSLETTERS	393.5				

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ADMIN.	22				
<b>D. WATER</b>			<b>100.00%</b>	<b>658</b>	<b>5.85%</b>
<b>1. State</b>		<b>648.5</b>	<b>98.56%</b>		
POLICY	2				
GOVERNOR'S INITIATIVE	2				
COMPLAINTS	75				
PUC	569.5				
<b>2. Other</b>		<b>9.5</b>	<b>1.44%</b>		
ADMIN.	9.5				
<b>E. NATURAL GAS</b>			<b>100.00%</b>	<b>237.5</b>	<b>2.11%</b>
<b>1. Federal</b>		<b>5</b>	<b>2.11%</b>		
FERC	5				
<b>2. State</b>		<b>223</b>	<b>93.89%</b>		
POLICY	2				
PUC	221				
<b>3. Other</b>		<b>9.5</b>	<b>4.00%</b>		
ADMIN.	9.5				
<b>F. RAILROAD FREIGHT</b>			<b>100.00%</b>	<b>181.5</b>	<b>1.61%</b>
<b>1. State</b>		<b>181.5</b>	<b>100.00%</b>		
ADMIN.	69				
LEGISLATURE/HEARINGS	112.5				
<b>G. NUCLEAR OVERSIGHT</b>			<b>100.00%</b>	<b>2,149</b>	<b>19.09%</b>
<b>1. Federal</b>		<b>6</b>	<b>0.28%</b>		
NRC	4				
CONGRESS	2				
<b>2. State</b>		<b>1,511</b>	<b>70.31%</b>		
COALITION	2				
GOVERNOR'S INITIATIVE	1434				
POLICY	75				
<b>3. Other</b>		<b>632</b>	<b>29.41%</b>		
ADMIN.	628				
PUBLIC SPEAKING	4				
<b>H. ENERGY INDEPENDENCE</b>			<b>100.00%</b>	<b>44</b>	<b>0.39%</b>
<b>1. State</b>		<b>44</b>	<b>100.00%</b>		
POLICY	23				
LEGISLATURE/HEARINGS	8				
GOVERNOR'S INITIATIVE	13				