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STATE OF MAINE PUBLIC ADVOCATE OFFICE

ANNUAL REPORT JULY 1, 2010 to JUNE 30, 2011



Richard Davies, Public Advocate
William C. Black, Deputy Public Advocate
Wayne R. Jortner, Senior Counsel
Eric J. Bryant, Senior Counsel
Agnes Gormley, Senior Counsel
Email: Richard.Davies@maine.gov

Mail: 112 SHS, Augusta, ME 04333-0112
Located: 103 Water St., 3rd Floor,
Hallowell, ME 04347
Tel. 207-287-2445
Fax 207-287-4317
TTY 888-577-6690

www.maine.gov/meopa

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A. INTRODUCTION: LETTER FROM THE PUBLIC ADVOCATE

August 1, 2011

Dear Maine consumer of utility services,

The recently-concluded fiscal year was marked by the final resolution of the FairPoint bankruptcy case, the beginning of a major rate case for Northern Utilities gas company, the beginning of CMP's installation of its new "Smart Meters", the filing of several "10-person" complaints objecting to the health and other effects of the Smart Meters, the hiring of an Ombudsman for abutters of CMP's Maine Power Reliability Project, the merger of Bangor Hydro and Maine Public Service Co. and the PUC's finding that FairPoint had achieved the first year benchmark for bringing broadband access to 83% of its lines. These were among the more than seventy cases in which the Office of Public Advocate was an intervenor. The issues are often complex and difficult to resolve, but we strive to do our very best to represent the long-term best interests of Maine's utility consumers.

This Annual Report is intended to provide you with an in-depth review of the work we do before the Maine Public Utilities Commission, the Maine Legislature, Federal regulatory agencies, and (when necessary) in state and federal courts, and in other arenas. But the most important information is how our efforts have benefitted you, the utility ratepayers whom we represent, by improving the reliability of the services you receive from your utilities, and by keeping the costs of these services as low as possible consistent with the need for reliable service.

The Office of Public Advocate is here to serve you, the consumers of utility services. If we can assist you, your family or your business with a utility issue, please feel free to contact our Office – electronically, by mail, in-person at our Hallowell office, or by telephone.

Sincerely,



Richard S. Davies
Public Advocate

B. ADVOCATING FOR UTILITY CONSUMERS IN MAINE SINCE 1982

	2004	2005	2006	2007	2008	2009	2010	2011
A. Federal/regional advocacy % of staff direct time	24%	9%	11%	7%	4%	7%	11%	20%
B. Maine-based in-state advocacy % of staff direct time	76%	91%	89%	93%	96%	93%	89%	80%

C. ELECTRICITY MATTERS AT THE MAINE PUC

1. **MPRP Ombudsman** - Among the provisions included in the settlement agreement negotiated between Central Maine Power and a group of non-utility intervenors in the MPRP, was a provision to use an Ombudsman to monitor and help resolve landowner disputes between CMP and abutters to the MPRP transmission line upgrade and new construction during the design and construction process.

In July, 2010, following approval by the PUC of the structure of, and protocols for the operation of this Ombudsman position, a process was undertaken by CMP, the PUC and the Office of Public Advocate to hire a person to fill the Ombudsman position on an interim basis. This was done to allow a more extensive Request for Proposals (RFP) process for a person to fill the position for the balance of the MPRP construction process. A retired judge, Leah Sprague of Damariscotta, Maine, was hired for the 2-3 month “interim” Ombudsman position. She handled several cases, including developing resolutions to two landowner disputes involving multiple landowners.

In December the Public Advocate, the PUC chairman, and Eric Stinneford, a CMP Vice President, interviewed the two top candidates for the ongoing Ombudsman position, and after working out an arrangement to have the Ombudsman be a position within the PUC in order to provide for his independence, these three representatives of their respective organizations selected Patrick McGowan to become the Ombudsman. McGowan began his work in January 2011.

Since the beginning of the Ombudsman process, the two Ombudsmen have received 40 requests for assistance from landowner abutters of the MPRP line. Of these cases, 25 have been resolved between the abutter and CMP. Another 15 cases are still pending resolution. In the event that an abutter and CMP are unable to resolve their differences through the efforts of the Ombudsman, the case is forwarded to the Landowner Dispute Resolution Process (LDRP), a committee of PUC staff members who have no other

involvement in the MPRP project. This committee can make requests for information from both the abutter and CMP, propose possible solutions and get those priced-out, and within 30 days propose a resolution to the parties. As of the end of June 2011, no case has gone to a proposed resolution at the LDRP. If the LDRP proposes a resolution, and either party declines to accept that resolution, the case will be forwarded to the three PUC Commissioners for deliberation on a final resolution which they may impose on the parties by Commission Order.

2. Investigation Into Need for Smart Grid Coordinator and Smart Grid Coordinator Standards - In March of 2010 the Maine Legislature enacted *An Act to Create a Smart Grid Policy in the State* in order to improve the overall reliability and efficiency of the electric system, reduce ratepayers' costs in a way that improves the overall efficiency of electric energy resources, reduce and better manage energy consumption and reduce greenhouse gas emissions.

The Act directed the Maine Commission to open an adjudicatory proceeding to determine whether it is in the public interest of the State to have one or more smart grid coordinators in order to achieve the purposes of and implement the policies of the Act.

On September 8, 2010, the Commission initiated a proceeding to make that determination. The Commission set forth a two-phase process for the purpose of carrying out the legislation. The Commission will first determine whether it is in the public interest to have a smart grid coordinator, and if so will set the standards to determine the coordinator's eligibility, including but not limited to: qualification and selection criteria; duties and functions; the application or exemption from any provisions of existing law otherwise applicable to public utilities; the relationship between a smart grid coordinator and a transmission and distribution utility; access to information held by the smart grid coordinator by 2nd and 3rd parties; and data collection and reporting.

In response to the Phase I question of whether it would be in the public interest to have a Smart Grid Coordinator we filed the testimony of experts we hired to assist us in this case. Our recommendation was that the establishment of a coordinator would be in the public interest provided that the incremental benefits of having a coordinator are likely to exceed its incremental cost.

This proceeding is linked to the Smart Grid/Non Transmission Alternative pilot plan proposal being addressed in the CMP/GridSolar – Midcoast Pilot case, which is also addressed in this report.

3. CMP/GridSolar – Midcoast Pilot - Pursuant to the Stipulation and Order in CMP's Maine Power Reliability Program docket, GridSolar and CMP jointly filed a request for approval of a pilot in the Midcoast area. The pilot would be to test GridSolar's proposition that non-transmission alternatives (NTAs), such as demand response and distributed generation, can provide grid reliability comparable to that of a transmission line, at a lower cost. In the MPRP Stipulation, we agreed to support GridSolar as the operator of the NTA (which may or may not include solar power) and to be the Smart Grid Coordinator for CMP's territory. We made no agreement as to cost

and operational details. We have engaged the services of Horizon Energy Group to help us analyze this important case. We expect a resolution in 2012.

4. MPRP Phase II – Lewiston Loop - Phase II of CMP's Maine Power Reliability Program (MPRP) got underway in July with two issues, one concerning a proposal to upgrade transmission lines in the Lewiston area and other concerning a substation in Eliot. We participated in a limited fashion only in the Lewiston case, without the benefit of expert assistance. The decision to participate in this way was based upon our full involvement in Phase I of the MRP; we believed that in Phase II the interests of ratepayers were adequately represented by the Staff and other interveners and that we could focus our limited resources in other areas. Based largely upon an in-depth Bench Analysis submitted by Commission Staff, the Commission ruled that CMP failed to meet its burden of proof that a proposed 115 kV line through the heart of Lewiston was needed for reliability and the case was dismissed.

5. CMP Moscow to Benton 115 kV Line - In August, CMP filed a request for a certificate to construct a 115 kV transmission line from the Moscow dam to a substation in Benton. In connection with this case, CMP prepared and filed a study of its western area transmission system. This was required under the MRP Stipulation and Order in order to better understand the long-term transmission needs in the area, particularly in connections with future wind generation projects.

Pursuant to technical analysis done by Commission Staff (we had no expert in this case) the Public Advocate joined in a Stipulation agreeing that CMP should be allowed to construct this line for reliability purposes. Under the Stipulation, the total cost of the line is estimated to be \$32.97M. We did not have an expert in this case, but relied upon the expertise of the Commission Staff to do the in depth analysis. In its Bench Analysis, the Staff identified a reliability need in the area and discussed two options without stating a preference. One option was line 241, the line CMP proposed, and the other was a rebuild of an existing 115 line in the area. The cost difference between the two options was somewhere between \$12 and \$6M, depending on various arguments made by CMP and Staff. We agreed to support line 241 for several reasons. First, it is a more robust and long lasting reliability solution compared to the rebuild. Second, because it is more robust it allows for greater transfer capacity for generators upstream of the Moscow Dam, all of which are renewable. Third, section 241 already has ISO/NEPOOL cost allocation approval and the rebuild does not.

At least one party, Friends of the Maine Mountains, has indicated that it may oppose the Stipulation. Other parties have indicated they would not sign but will not oppose. The Stipulation contains a provision that offers the services of the MRP Ombudsman to any abutters of the new line. There is one such abutter who has been actively seeking this provision and another who has asked questions. There are very few abutters in all. At year's end the case was scheduled for an oral argument by those who opposed the Stipulation.

6. Algonquin Power Fund, Inc - Algonquin filed a petition requesting the Maine Public Utilities Commission to grant a Certificate of Public Convenience and Necessity.

The proposal was for Algonquin to construct a 345 kV merchant transmission line, the “Northern Maine Interconnect,” approximately 26 miles in length, from Houlton, Maine to an interconnection with the Maine Electric Power Company (“MEPCO”) 345kV line in Haynesville, Maine. The proposed line would have interconnected Northern Maine with ISO-New England and would make use of the so called “bridal path” which is currently owned by Maine Public Service. After initial discovery and briefing of threshold legal issues, and one day prior to a scheduled technical conference, on September 20, 2010, Algonquin requested that further proceedings on its application be suspended for 120 days to permit its corporate management to conduct a review of the project. Subsequent to the initial 120 day extension, Algonquin filed additional extension requests but filed no further information which was specifically requested by the Commission and was required to complete its application.

On May 19, 2011 the Commission denied Algonquin’s last extension request and dismissed the case without prejudice.

7. **Bangor Hydro – Maine Public Service Merger** - At the beginning of the fiscal year, this case, where Bangor Hydro, through a corporate parent, was seeking to acquire Maine Public Service so that both utilities would be owned by Emera, Inc. was the subject of negotiations among the parties. In July there were a series of negotiation sessions with various drafts exchanged between the Petitioners and the Public Advocate who was collaborating with other parties in a coalition that was seeking concessions if the merger were to be allowed. The primary issue of concern was Emera’s desire to build a transmission line that would link northern Maine to the ISO-NE control area, exposing northern Maine customers to higher supply and transmission costs. In an agreement reached with the utilities in September, we agreed not to oppose the merger in exchange for assurances that customers can benefit from a process whereby Emera will seek to have the cost of any future line that connects MPS to the south phased-in over at least 12 years. This process includes Emera and the northern Maine customers (including the OPA) approaching New England’s transmission operators and ISO-NE to negotiate the phase-in.

8. **Bangor Hydro/Maine Public Service Merger With Algonquin and First Wind** - In April and May, BHE and MPS filed two merger cases, one seeking authority to purchase up to 25% of Algonquin Power and other seeking to acquire (with Algonquin as a partner) a 49% interest in First Wind’s northeast wind generation projects. The cases were consolidated and a litigation schedule set. A technical conference was held prior to the end of the fiscal year.

9. **CMP Smart Meters** - In August, CMP announced that it would soon begin the deployment of smart meters to each of its customers. The Public Advocate had opposed CMP’s smart meter investment request on a variety of grounds including the likelihood that they would end up costing ratepayers (CMP’s saving predictions have continually shrunk) and the risk imposed on customers with this new untested technology. However, having received a federal grant for \$96 million, the PUC approved CMP’s request. Beginning in July, we strongly urged CMP to conduct a comprehensive customer

education program, and when it declined, we informally requested that the Commission require the Company to do so. The Commission declined.

10. CMP Smart Meters – 10-Person Complaints – Opt Outs - Beginning in September, very soon after CMP announced that it would begin deployment of smart meters throughout its territory, we began to receive complaints from customers who were concerned about harmful effects from the radio frequency employed by the meters for communications. Within a month, this became a 10-person complaint asking the Commission to halt and reverse the deployment by CMP of smart meters until it could be shown that they are not harmful to the health of customers. This complaint was joined by four others which were consolidated into an investigation by the Commission. We intervened and participated in the case.

We supported the Commission's decision not to focus on the health effects of the meters but rather to investigate the issue of whether customers should be given options other than smart meters. We advocated that if those options were technically and economically feasible that customers should be given the opportunity to opt out of having a smart meter installed. After several months of litigation, the Commission ordered CMP to offer two options to customers, either the existing meter or a smart meter with the radio transmitter turned off, and it decided that customers who opt out should pay the incremental costs associated with the opt outs. Because most customers are not expected to object to smart meters, we supported this approach since it would be unfair to put into general rates the costs associated with a program that a minority of customers would use. CMP was also ordered to create a communications plan in connection with this opt out program.

11. CMP Smart Meters – 10-Person Complaints – Safety - In October, a 10-person complaint was filed against CMP seeking an investigation into safety issues associated with the installation of smart meters. Installation is being carried out by a company known as VSI pursuant to a contract with CMP. Without opening a formal investigation, the PUC conducted a limited series of technical conferences seeking information on VSI and CMP's oversight of them. We participated in these conferences in which the questions were asked about job qualifications, training, comparable positions in CMP, incidence of fires and other hazards. Following the agreement by CMP to address certain issues raised in the complaint, such as monitoring the training of VSI installers, incident reporting and assurances that VSI does not unduly pressure installers to meet daily installation targets, the Commission dismissed the Complaint. However, at year's end, CMP had not satisfied all of the conditions it was responsible for and questions remained.

12. Smart Meters – Dynamic Pricing Pilots - One of the promises associated with smart meters is that they will allow dynamic pricing rate plans under which customers can save on their bills. While BHE and CMP complete deployment and installation of their Advanced Meter Initiative (AMI) programs, the Commission has considered possible pilots for such rate plans. Under such a plan, customers would receive notice from time to time of the need to cut back on electricity usage. Under some plans, customers would receive a credit on their bills if they cut back, under others they would pay very high rates if they didn't. Either way the incentive would be to use less electricity when the system is at its peak (and most expensive) usage, usually hot summer

days. We participated in discussions at the PUC about such plans, but at year's end, no pilot plans had been approved.

13. CMP SQI Penalty Case - In July of 2009 CMP filed a petition requesting that the Commission modify the provision in its alternative rate plan (ARP) that imposes a service quality penalty if CMP's performance falls below established benchmarks. In addition because CMP had determined that the number of complaints it had received would result in the imposition of a penalty for exceeding the acceptable number of complaints set under the ARP, CMP also asked the commission to waive the \$5 million penalty that would be imposed. Specifically CMP alleged that the penalty should not be imposed because it was the economic collapse in 2008 and the concurrent recession in the United States, coupled with the Commission's credit and collection rules, which had resulted in the large number of credit and collection issues and resulting increased complaints.

The OPA litigated this matter, engaging two experts to counter the testimony of the Company. In October 12, 2010, the case was resolved by settlement between the OPA and the Company. The Company agreed to pay \$4 million of the \$5 million penalty assessed. Three million dollars was applied toward all ratepayer savings and \$1 million of the penalty was used in an "arrear forgiveness program" for low income customers with high arrears balances. In addition we agreed that the complaint ratio would be changed from 1 complaint per 1,000 customers per year to 1.2 complaints per 1,000 customers per year for the remainder of the ARP period.

14. CMP Request for Approval of Competitive Affiliate Transactions With Certain Iberdrola Affiliates and CMP Request for Approval of Affiliated Interest for MPRP Audit/Compliance Services - Central Maine Power Company (CMP) requested that the Commission approve an affiliate transaction arrangement whereby certain unregulated affiliates be permitted to participate in CMP's competitive procurement process. Specifically Iberdrola Engineering & Construction, a wholly owned subsidiary of Iberdrola S.A., would be included in the competitive procurement process for transmission and substation engineering, project management and supervision, and procurement and construction services.

Pursuant to this process Central Maine Power Company requested Commission approval to enter into a contract for audit and compliance services for the Maine Power Reliability Program (MPRP) with an affiliate of Iberdrola, its parent company.

We opposed the proposal on the grounds that there was a strong incentive of the parent company to increase the projects' costs to the detriment of ratepayers and that the procedure for procuring the services was flawed. The Commission denied CMP's initial proposed contract on the basis that the request for proposal process was flawed. Subsequently, following a re-issuance of the request for proposal, CMP again chose its affiliate to perform the requisite services. We again objected to the approval based on the concern that the strong financial incentives created by FERC incentive adders continue to create a corporate bias to maximize gains. The Commission did accept our recommendation that if it did approve the contract that it include as a condition of

approval a requirement for detailed reporting regarding the cost management of the MPRP such that the Commission could determine whether the expenditures of the MPRP remain aligned with the estimated costs.

15. Investigation Into CMP's Credit & Collection Practices and Standard Offer Uncollectible Balances - On October 19, 2010 the Commission opened an investigation into Central Maine Power Company's (CMP) collection practices and standard offer related uncollectible balances. The Commission determined that CMP's credit and collection activities, as well as its accounting practices and management of its standard offer receivables and balances, were unreasonable and imprudent resulting in excess monies being charged off as standard offer bad debt. The harm to ratepayers as a result of these action was in the amount of \$10.6 million. Litigation in this case is ongoing and we have retained an expert to assist us.

16. BHE Stranded Cost Case - In December of 2010 Bangor Hydro Electric Company (BHE) sought an increase to its stranded cost revenue requirements resulting in a 41% increase in stranded cost rates. This requested increase would have resulted in an increase in its delivery rate (transmission, distribution and stranded costs) of over 4.6%.

In January of 2011 we requested that the Commission hold a public witness hearing in Bangor in order to hear from BHE's ratepayers who had strong concerns regarding the proposed 4.6% increase in rates. The public witness hearing was held on March 17, 2011.

After extensive discovery and further negotiations, BHE revised its request to a 27.71% increase in stranded cost rates with an overall impact to its delivery rates of 2.95%. After extensive negotiations, we litigated this case on the sole issue of the appropriate return on equity (ROE) to be used in calculating the Company's overall pre-tax weighted average cost of capital. The Company proposed an 8.5% ROE based upon the fact that this was the amount approved by the Commission in its prior December 2007 decision. We filed a brief proposing a 6.92% ROE and argued that the Commission needed to take into account the diminishing nature of stranded costs as well as changes to market conditions and prevailing interest rates since the last Commission decision which had approved an 8.5% ROE.

On May 23, 2011 the Commission issued an order approving an increase of 26.53% in the stranded cost rate with an overall increase to its delivery rate of 2.8%. The lower amount reflected, in part, the Commission's decision to allow a 7.35% ROE rather than the 8.5% ROE proposed by the Company.

17. CMP Stranded Cost Case - In March of 2011 we entered into a settlement agreement where CMP's stranded costs were reduced by \$1.6 million, translating into a 5% reduction in stranded costs.

18. CMP – December 2008 Ice Storm Deferral - In July, the Commission issued an Order resolving this case. CMP had requested reimbursement from customers for a little more than \$11 million for incremental costs it incurred in restoring service from damage caused in York and Cumberland counties by the December 2008 Ice Storm. Because it

decided that during the prior several years, CMP had improperly allowed the vegetation to grow too much, and because the increased vegetation contributed to the severity of the damage, the Commission agreed to allow CMP to recover only \$7.71 million.

FERC and Regional Activities

1. Transmission Planning and Cost Allocation: Notice of Proposed Rulemaking

- In September of 2010 we filed joint comments with the Maine Public Utilities Commission in response to FERC's request for comments on its proposed rulemaking. FERC's proposal includes a requirement that transmission planning include a consideration of public policy requirements, such as renewable portfolio and efficiency standards, established by state and federal regulators. Our comments advocated a change to ISO New England's current transmission planning and cost allocation methodology which makes a distinction between economic and reliability upgrades. Our recommendation proposed an alternative method that advances development of public policy transmission projects to access renewables and would allocate costs in a manner commensurate with ratepayer benefits across the region.

In the same docket our office also filed joint comments with a group representing state public utility commissioners, consumer advocates, public power systems and cooperative voicing shared concerns about the Commission's application of its transmission rate incentives policy.

On July 21, 2011 FERC issued Order 1000 in this docket with the objective of enhancing regional planning and requiring that transmission planning be efficient and cost effective and that costs are allocated in a manner that is fair and consistent. For transmission providers the Order requires compliance filings within 12 months. Compliance filings for interregional transmission coordination must be filed within 18 months. We expect to participate in what will be a robust stakeholder process at ISO-New England.

2. FERC Demand Response Compensation Rule - In March of 2011 FERC established a new rule to remove barriers to participation of demand response in the wholesale energy markets. This rule will help many of Maine's consumers, many of whom greatly benefit from participation in these programs. In support of this outcome, our office worked closely with the PUC and also filed joint comments with the Massachusetts Attorney General's office.

The rule requires organized wholesale energy market operators to pay demand response resources the market price for energy, known as the locational marginal price (LMP), when those resources have the capability to balance supply and demand as an alternative to a generation resource and when dispatch of those resources is cost-effective.

The rule requires RTOs and ISOs to meet specific requirements for the establishment of a "net benefits test" to determine when demand response resources are cost-effective. Stakeholders are working at ISO-New England to develop rules to implement a net-

benefits test and to fully integrate demand response resources into the wholesale energy market.

3. E4 Group - Pursuant to the Stipulation approved by the Commission in CMP's Maine Power Reliability Program, a group of non-utility parties (the OPA, the IECG, GridSolar, ENE and the Conservation Law Foundation) gained the ability to use \$1.5 million of CMP ratepayer funds for the purpose of seeking changes at the ISO-NE or at the federal level with regard to transmission planning and cost allocation. The funds are to be used to seek improvements in these areas so that customers can enjoy a reliable grid but at a reasonable cost. We met throughout the year, inviting input from several consultants and lawyers familiar with the issues. There was difficulty finding knowledgeable lawyers/consultants who were not already representing other regional interests.

In April, we issued an RFP to many of Maine's largest law firms and to several firms with a presence in New England that were known to do this type of work. We received only one response which we decided not to pursue. Instead, we issued an RFP for non-legal consulting help and as a result were contemplating entering into a contract for services with a Boston area energy consultant at year's end. Through informal conversations with PUC staff, we intend to report periodically to and be responsive to inquiry from the Commission about our activities, particularly with regard to how the money is spent and what results have been achieved.

4. Consumer Liaison Group: ISO-New England - Our office continues to actively participate in the activities of the Consumer Liaison Group (CLG). This group was created in 2009 as a result of FERC's Order 719 which required that RTOs facilitate the consideration of consumer interests in determining the needs and solutions for the region's power system.

The CLG has four meetings annually which provide information and promote discussion relating to the cost of electricity and the impacts that transmission planning and electricity markets have on those costs. The Group is actively engaged in outreach efforts to involve consumers in discussions and activities where they can ensure that their concerns are routinely heard in all regional stakeholder discussions.

D. TELECOMMUNICATIONS MATTERS

1. Petition to Enforce FairPoint's Merger Conditions - In an effort to substantially further expand broadband deployment in the State, the Public Advocate filed a motion asking the PUC to enforce the merger conditions to which FairPoint agreed when it acquired Verizon-Maine. We asked the Commission to find that FairPoint must continue to invest committed but unspent funds -- of approximately \$20 million. We also argued that FairPoint is required to make DSL available to 87% of the households in its territory rather than 87% of an arbitrary number of customers that FairPoint has been using to compute its required buildout. We further argued that FairPoint has included lines as "addressable" even when those lines are not capable of providing DSL service.

The Commission is conducting further proceedings to determine FairPoint's precise obligations.

2. Opposition to FairPoint's Proposal to Subsidize Broadband Investment With Service Telephone Rate Increases - In March, in response to FairPoint's proposal to raise local telephone rates by removing up to \$4 million of service quality penalty rebates in current bills, in exchange for a promise to build out additional broadband with those penalty savings, the Public Advocate filed a motion to dismiss arguing that the proposal was unlawful. After hearing further argument, both in briefing and after oral argument, the Commission agreed with the Public Advocate that Maine law would prohibit a proposal that charges utility ratepayers for costs attributable to an unregulated business venture. As a result, ratepayers saved approximately \$4 million. At the same time, the Public Advocate took other actions designed to cause FairPoint to invest substantially more in DSL availability – to a much greater extent than FairPoint's unlawful proposal.

3. Pole Attachment Proceeding - In March, we filed our reply brief arguing that the Commission need not re-litigate a major case between Verizon and Oxford Networks, wherein the Commission determined appropriate practices for third party pole attachments, as well as declaring certain anti-competitive practices of pole owners to be unreasonable. We argued that the Commission has the authority to make state-wide policy through its orders but that any party seeking to present a new issue should be allowed to present it to the Commission. Issues include the level of fair compensation by cable companies and the technical requirement (and costs) of making space on poles for new attachers. The PUC litigated these issues with respect to a complaint by Oxford Networks a few years ago, and this proceeding will apply to all utilities. It may also be relevant to issues affecting new types of pole attachers such as dark fiber providers. Currently, the Maine Fiber Company is the only authorized non-utility pole attacher.

4. Safelink Service Issues - In February, the Public Advocate was getting regular reports about customers facing problems when trying to obtain low-income Safelink phone service. Safelink, a division of Tracfone, provides a free handset and 250 minutes of use every month to eligible low-income customers. In response to the large number of complaints, we were able to make arrangements with Tracfone's management, which is now actively cooperating with the Maine Community Action Association to find solutions for these customers. Tracfone's Safelink program is part of the Lifeline program funded by the federal Universal Service Fund.

5. PUC Regulation of Time Warner's Digital Phone and Comcast's Digital Voice - Last year, the PUC agreed with the Public Advocate and the Telephone Association of Maine that Time Warner and Comcast's telephone services are telecommunications services under the definition of applicable federal law and not "information services." The PUC also agreed with us that these services were utility services under the definitions in State statutes and that the PUC was not preempted by federal law. This means that the Maine PUC had the authority to regulate those companies as telephone utilities. We later filed comments asking the PUC to allow Comcast and Time Warner to easily comply with the Commission's order by using their preferred affiliate arrangement, in a manner that Comcast requested, which provides

minimum effort and burden on the Company. Comcast appealed the underlying Order to the Maine Supreme Court. During the pendency of that appeal, the Maine Legislature issued a resolve that voided the PUC's Order and thereafter, the Maine Supreme Court ruled that the appeal should be dismissed as moot. The role of regulation with respect to these interconnected VOIP services remains the subject of a PUC study that will be reported to the Legislature at the end of the calendar year.

6. FCC Proceeding Regarding Time-Warner/CRC's Petition for Pre-emption -

After the PUC ruled that Time Warner would not be allowed to offer Digital Phone in the territories of five of Maine's 22 local exchange company territories, Time Warner sought an Order from the Federal Communications Commission to pre-empt the Maine Commission. The PUC's Order denied Time Warner's request to lift the "rural exemption" for five of Maine's rural local exchange carriers, including, Oxford, Oxford West, Lincolnville, Tidewater, and Unitel. We defended the PUC Order in written briefs at the FCC and in January, together with our expert witness, we participated in an "ex parte" meeting with the chief of staff for FCC Commissioner Copps. We explained the facts and considerations that led to our position that lifting the rural exemption for Maine's five rural ILECs would result in an undue economic burden. The chief of staff encouraged us to hold another ex-parte meeting with the Wireline Competition Bureau of the FCC.

Ultimately, the FCC refused to preempt the Maine Commission but issued an Order that clarifies certain federal statutes governing the obligations of rural local phone companies to negotiate interconnection agreements with competitors like Time Warner.

7. Request to Re-Open Investigation of Tracfone - In December, we filed a petition to re-open a recently closed investigation as to why Tracfone failed to contribute to legislatively-mandated state universal service funds to which all telecommunications providers must contribute. The Commission closed the investigation because it had opened a rulemaking to clarify its rules with respect to those state funds. We pointed out that the rulemaking would not be a suitable vehicle for recovery of the monies owed by Tracfone. It should be noted that the Public Advocate supported Tracfone's petition to provide low income wireless service in Maine (Safelink) that now benefits many low-income residents of Maine. This business is profitable for Tracfone which recovers its costs from the federal Universal Service Fund. Additional contributions from Tracfone will benefit the Maine economy as opposed to Tracfone's international owner. The Commission has put our request on hold and, to date, has not reopened the investigation.

8. Maine Relay Service – Committee Meetings - We assisted in the bi-annual evaluation survey to determine if the Relay Service is meeting the needs of the hard-of-hearing community and of the hearing people who call them. Further, the Public Advocate is assisting in the planning a "Broadband Forum" that will address the availability of the internet for alternate paths of communication between the hearing and hard-of-hearing.

9. FairPoint's Service Quality Penalties - In November, the PUC agreed with the Public Advocate and refused to grant FairPoint a waiver of a portion of service-quality

penalties results from its poor performance in 2009 and 2010. FairPoint argued that the causes of its problems were beyond its control. However, in documents filed earlier, we had pointed out that, in fact, FairPoint made every decision that led to its poor service-quality, and that the purposes of service-quality penalties include the correct incentives to minimize operational risks, as well as reimbursement to customers who suffered poor service-quality. As a result, FairPoint's local rates will be decreased for the coming year, leaving more money in the hands of Maine consumers

10. Connect Maine Advisory Council - Throughout the year, a Public Advocate staff member served on the Connect Maine Advisory Council. In that capacity we helped to select among competing proposals for funding of rural broadband projects to be subsidized by ConnectME. ConnectME subsidizes projects with funds collected from mandatory contributions by communications providers who recover those contributions from their customer.

11. Universal Service Fund Administration - A Public Advocate Staff member continues to serve as a board member representing utility consumers on the Universal Service Administrative Company (USAC) which administers the federal Universal Service Fund. He is currently the treasurer of this nearly \$9 billion fund. Maine businesses and consumers have received more than \$465 million dollars from this fund over the last 10 years. All costs of this volunteer service are paid for by the federal fund and no expenses are borne by the State of Maine.

12. FairPoint Communications Bankruptcy Proceedings - In October, FairPoint and its lenders came to an agreement on a revised plan of reorganization in its bankruptcy proceeding. The plan involved the elimination of \$1.7 billion of the debt carried by FairPoint and various regulatory concessions arrived at after mediation between the Company, its creditors, the Public Advocate and a representative of the Commission.

13. US Cellular Recertification as Eligible Telecommunications Carrier - In September, we participated in a proceeding to determine US Cellular's recertification as an eligible telecommunications carrier, which allows it to collect millions of dollars each year from the federal Universal Service Fund. We issued data requests to USCC in order to ensure that it was properly fulfilling its role as a Lifeline carrier and properly building out its network in rural areas when using USF dollars. Having received answers to our questions, we informed the Commission that we had no objection to the Commission issuing a recertification letter to the FCC.

E. NATURAL GAS MATTERS

1. Kennebec Valley Gas Company - In the spring, the Kennebec Valley Gas Company, a new business venture, applied for an initial Certificate of Public Convenience and Necessity (CPCN) to provide natural gas as a public utility in communities along the Kennebec from Richmond through Waterville. The Public Advocate is supportive of the emergence of this new gas utility and will be working, along with the Commission, to ascertain that it has the requisite resources and expertise to serve. We expect that development of residential gas distribution infrastructure will be

very gradual and a function of locations where anchor business customers agree to take service. We will also be seeking to encourage open access to their planned intrastate pipeline so that other competitive gas firms and the market may benefit from this new infrastructure.

In the next fiscal year, the Commission will consider Phase II of this case which will involve more specific details about the new utility. Phase I issues were limited to a finding of adequate financial resources and expertise.

2. Granite State Interstate Pipeline Rate Case - In July, the Public Advocate, along with staff of the Maine and New Hampshire Commission resolved a rate case without litigation, that was filed by Granite State, a sister company of Northern Utilities under Unitil, Inc. The settlement successfully achieved a compromise that saved ratepayers some of the costs that may have been awarded by the Federal Energy Regulatory Commission, had the case been fully litigated. We continue to discuss the prudence of Granite State's existence as a federally regulated interstate pipeline, as opposed to its conversion to a distribution facility that would be subject to Maine and New Hampshire state jurisdiction.

Granite State was seeking an automatic rate increase mechanism to capture a number of projected capital construction projects going forward. Northern Utilities, which is under common ownership with Granite State (Unitil), would be passing most of these rate increases on to its retail gas customers in Maine and New Hampshire. We were concerned chiefly about Granite State's proposal to gain approval in advance from FERC for two construction projects which may not be necessary.

Since Northern Utilities affiliated with Granite, and its only substantial customer, we remain skeptical of some of the costs and the structure that keeps Granite as a separate federally regulated company as opposed to integrating it with Northern's distribution system. We plan to continue to pursue this issue in order to ensure that Maine ratepayers are not paying unnecessarily high cost of gas rates.

3. Woodland Pulp Gas Line - In May, Woodland Pulp proposed to construct a 4.5 mile private natural gas pipeline from a Maritimes and Northeast Pipeline pressure station to the mill. The line, if built, would enable the mill to shift from oil to gas as its primary fuel and greatly reduce their annual expenditures for energy. The Public Advocate has been supportive of this project and has helped to avoid any unnecessary red tape that would arguably result from the application of public utility statutes to this project. However, the Public Advocate and the PUC will be working to ensure that all safety standards are met, including federal safety standards set on in PHMSA.

4. Portland Natural Gas Transmission System (PNGTS) – FERC Rate Case - In January, we put into motion the preparation of Public Advocate testimony, to be filed by our consultant, John Rosenkranz, in the FERC case in which PNGTS is asking for a significant increase in its transmission rates. Mr. Rosenkranz will address certain issues that are pertinent to the Maine customers – including the mills in Jay (Verso Paper) and Rumford – that take gas from that pipeline. We are coordinating with the attorney for

Verso Paper and may also file testimony of a Verso manager (Glenn Poole), who can provide important details about the effect of increased rates on Verso's business.

5. Northern Utilities (Unitil) Rate Case - In April, Maine's largest natural gas utility filed its first rate case in 28 years. In response, the Public Advocate hired three consultants to allow us to provide evidence establishing the appropriate revenue requirements for Northern's Maine division.

Given the extent of time since the last rate case, and the numerous investments that Northern has made in the last decade, many of which were required by the Commission, a substantial rate increase will be inevitable. However, the Public Advocate is working to ensure that the rate increase is no higher than absolutely necessary. In addition to various technical accounting issues, we are challenging the Company's proposed cost of capital and its proposal for the Commission to adopt an automatic annual rate increase mechanism to account for required investment in the replacement of cast iron gas mains. A decision will be reached around the end of 2011 or early in 2012.

6. Potential Sale By Unitil of Portland Waterfront Property - At the time of the acquisition of NISOURCE by Unitil, we negotiated a provision requiring Unitil to report on the feasibility of selling its Portland waterfront property which is no longer being used significantly for the purposes of gas delivery service. This year, Unitil has made substantial progress in developing a marketing plan for the property.

It is a complex real estate transaction because the property is subject to voluntary environmental remediation and will be contaminated indefinitely for purposes of certain uses. Ratepayers continue to pay in their cost of gas rates, a monthly charge to reimburse Northern for its environmental cleanup costs associated with this property. A sale of the property would presumably relieve ratepayers of this obligation and the proceeds of any sale could serve to lower distribution service rates.

7. Unitil (Northern Utilities), Maine Natural Gas, and Bangor Gas, Cost of Gas Adjustment Cases - The Public Advocate has continued to monitor and participate in semi-annual cost of gas reconciliation proceedings, to ensure that gas utilities are fairly compensated for, but do not profit from, their acquisition of gas commodity sold to customers. This year, we raised issues concerning the inclusion in gas rates of litigation costs of Unitil that we argued were too far removed from the direct cost of gas to be lawfully included in the cost of gas rate. The Commission largely agreed with our position.

8. Cast Iron Replacement Case - In August, the Commission issued its order approving the settlement between the Public Advocate and Unitil regarding a plan for replacement of gas infrastructure in Portland and other southern Maine communities. Also participating in the settlement were four legislators -- Reps. Hinck, Haskell, Adams and Rotundo - who expressed concerns about increased rates and undue disruptions in the City of Portland. This was a contentious case because it required extraordinary expenditures (approximately \$64 million over the life of the project) and there was competing evidence concerning the significance of the underlying public safety concern.

The settlement allows Northern to complete the replacement of cast iron mains over at least 14 years – a compromise between the Staff’s position, and the Public Advocate’s, Unitol’s and legislative intervenors’ position.

F. WATER MATTERS

1. Aqua Maine -- Camden & Rockland – Proposed 23.61% Revenue Increase –

At the very beginning of the fiscal year, the Public Advocate settled a case by negotiation that had started in February 2010 when the Camden & Rockland Division of Aqua Maine had filed a Section 307 request proposing to increase its revenues by \$1,127,226, or 23.61%. The proposed increase was based on the Company’s addition-to-plant of a multi-million dollar membrane-filtration plant that was scheduled to go online August 1, 2010. The early stages of the case were reported in the Public Advocate’s Annual Report for 2010. There were two other intervenors in the case: the City of Rockland and FMC Corporation, the Division’s largest industrial customer. Discovery and two technical conferences were held prior to July 1, 2010. Settlement discussions began after the close of the fiscal year, on July 16, 2010. At the first negotiation, the parties found that there was an amount of approximately \$170,000 between the amount of the Company’s request, and the amount that the Public Advocate and FMC were willing to accept as a rate increase. After two negotiation sessions, the parties submitted a Stipulation that permitted the Camden & Rockland Division to increase its revenues by \$1,000,000, or 20.95%. [Savings: \$127,226.]

2. Pine Springs Water and Roads Company. Proposed 40.53% Revenue Increase – In January 2010, in response to a Commission order, the Pine Springs Roads and Water Company, which provides water to eighty-three (83) households located in a subdivision in Shapleigh, filed a Section 307 request to increase its rates by 40.53%. The Company was asking for an annual per household water rate of \$1,054, compared to the then-existing \$750 annual rate. Approximately 15 customers intervened in the case. In the first quarter of 2010, the Water Company submitted the pre-filed direct testimony of its accountant and of its on-site manager. In July 2010, the Public Advocate filed its rebuttal testimony which criticized the Company’s filing and indicated that an annual rate of \$830 would be reasonable. The Public advocate also convened two conference calls among twelve of the intervenors in order to discuss the issues raised by the Water Company’s filing, to answer questions, and to identify additional issues raised by the customer-intervenors. The Public Advocate then travelled two times to meet with Pine Springs’ managers, its accountant, and its attorney. Attempts to negotiate a settlement failed. The Public Advocate then spent a substantial amount of time preparing for hearing by reviewing the individual expenses and credit-card statements for the Company’s larger expense accounts including Transportation, materials & supplies, and miscellaneous expenses. The first hearing took place on August 19. Unfortunately, there was not sufficient time to cross-examine the Company’s witnesses. Before a second hearing took place, another attempt was made to negotiate a settlement -- with the executive director of the Maine Rural Water Association representing the Water Company. On September 20, the PSR&W representatives indicated that Pine Springs would not accept annual rates of less than \$811. On September 28, we participated in a two-hour hearing in which there was cross-examination of Pine Springs’ onsite manager

and of the Public Advocate witness, Ron Norton. At the outset of the hearing, Pine Springs produced a new spreadsheet requesting that its level of salaries and wages be increased by approximately \$6200 more than in its original filing. We objected to allowing this new information into evidence. In late December, the PUC Advisory Staff issued an examiner's report, which decided most of the issues in favor of customers, and yet recommended higher rates for Pine Springs Water. We objected to the examiner's recommendation with respect to its rulings on the issues involving depreciation expense and accumulated depreciation. Ultimately, the Commission set the annual per-house water rate at \$800 per year, or an increase of 7%. [Savings: \$21,082.]

3. Winterport Water District – Proposed 10.26% Increase in Rates – As required under the terms of a stipulation in its prior rate case, in September, Winterport Water District filed a Section 307 rate filing seeking to increase its revenues by \$21,811, or \$ 10.26%. The District's filing failed to satisfy its promise at the conclusion of its last rate case to provide an accounting for the money that it had collected in the past four years as its contingency allowance and its depreciation expense. The Water District also failed to file documents showing whether, as promised, it had set aside a \$7,500 amount annually for painting of its standpipe. The PUC Staff indicated that there were shortcomings in the District's filing and required that the WWD update its filing by October 8. Thereafter, there was a round of data requests, data responses, and a technical conference was held on November 19. Afterwards, there was a negotiation and the case was settled for the amount of the revenue increase originally filed. The increase was driven by increased operating expenses in employee salaries, pensions and benefits, and engineering fees. [Savings: \$0.]

4. Southwest Harbor Water District (SWH WD) – Appeal of Complaint to the Consumer Assistance Division Regarding Charges for Customer Leak – We participated in this investigation of the \$6000 water bill (and (\$4000 sewer bill) charged to a customer in Southwest Harbor who allegedly had a large leak in her water line during the summer of 2009. There was some discovery in this hard-fought case, together with pre-filed testimony filed by the customer and her plumber, and by the Water District and its water-meter specialist. After the testimony was filed, we urged the parties to settle the case. After six weeks of negotiations, the Water District and the customer filed a stipulation – in August 2011. The Public Advocate also signed the stipulation. The specific terms of the settlement were not stated in the stipulation; however, we are pleased by the fact that the SWH WD ratepayers will not be required to pay the costs of further litigation in their rates. [specific Savings: \$0].

5. Brian Mills, et. al. v. Andover Water District -- Request for Commission Investigation into Andover Water District (AWD) Practices Pursuant to 1302 – At the time of this writing, this case is still being litigated. The case originated in April 2010 when Brian Mills and other customers of the Andover Water District asked the Commission to investigate whether the AWD had sold a parcel of "water-resource land" without following the notice requirements of 35-A MRS Section 6019. The complaining customers argue that the Water District should have given notice of the prospective sale to the Town of Andover, as required by Section 6019. The Water

District argues that parcel of the land sold did not qualify as “water-resource land” because the water district is now using a well as a source of its water. Data requests and data responses have been filed, and the Water District has filed its pre-filed direct testimony. In May 2011, a technical conference was held on the Water District’s position. After several procedural discussions, the parties accepted the hearing Examiner’s recommendation that no hearing was necessary on the first issue to be resolved: i.e., whether the land in question is “water-resource land.” At this writing, the parties are waiting for the first examiner’s report to issue.

6. Aqua-Maine Water Company – Millinocket Division -- Proposed 8.74% Increase in Revenues – In mid-March 2011, the Millinocket Division of Aqua Maine Water Company filed for a \$99,026 (or 8.74%) increase in its revenues. Three Millinocket customers intervened in the proceeding, objecting to the proposal by Aqua Maine to reduce the volume of water covered by the minimum charge from 1200 cubic feet per quarter to 300 cubic feet per quarter. The three customers also requested that the Commission hold a public witness hearing in Millinocket on the proposed increase. That public hearing was held in the Millinocket Town Hall on June 9, and was attended by the Public Advocate and PUC Chair, Thomas Welch. A dozen people testified at the hearing, all in opposition to the rate increase. After the technical conference that was held in this case and in the two other Aqua-Maine rate cases (simultaneously), the Public Advocate negotiated a settlement of the case, adjusting for – and noting the Public Advocate’s objection to -- the fact that recent percentage increases in the salaries paid to Aqua Maine employees have exceeded the percentage increases in the Consumer Price Index (CPI). A Stipulation was filed at the Public Utilities Commission on July 19, 2011, after the end of the time period covered by this report. [Under the stipulation it was agreed that the annual revenues for the Millinocket Division would be increased by \$95,000 or 8.38%.] At the time of this writing, one of the customer-intervenors had requested that the Commission re-consider its approval of the stipulation in the Millinocket case.

7. Aqua Maine Water Company – Skowhegan Division – Proposed 9.63% Increase in Revenues – In mid-March, the Skowhegan Division of Aqua Maine Water Company filed for a \$121,993 (or 9.63%) increase in its revenues. No customers intervened in the rate case. The Company responded to the data requests submitted by the Public Advocate and by the PUC Advisory Staff. After the technical conference that was held in this case and the two other Aqua-Maine rate cases (simultaneously), the Public Advocate negotiated a settlement of the case, adjusting for –and noting the Public Advocate’s objection to -- the fact that recent percentage increases in the salaries paid to Aqua Maine employees have exceeded the percentage increases in the Consumer Price Index (CPI). A Stipulation was filed at the Public Utilities Commission on July 19, 2011, after the end of the time period covered by this report. [Under the stipulation it was agreed that the annual revenues for the Skowhegan Division would be increased by \$95,000 or 8.38%.]

8. Aqua Maine Water Company – Freeport Division – Proposed 9.35% Increase in Revenues – In mid-March, the Freeport Division of Aqua Maine Water Company filed for a \$62,962 (or 9.35%) increase in its revenues. One customer

intervened in the case, objecting to the size of the proposed revenue increase and to the Water Company's proposal to reduce the volume of water covered by the minimum charge from 1200 cubic feet per quarter to 300 cubic feet per quarter. The Company responded to the data requests submitted by the Public Advocate, by the PUC Advisory Staff and by the customer-intervenor. A week or so after the technical conference that was held in this case and the two other Aqua-Maine rate cases (simultaneously), the Public Advocate negotiated a settlement of the Freeport case, adjusting for – and noting the Public Advocate's objection to -- the fact that recent percentage increases in the salaries paid to Aqua Maine employees have exceeded the percentage increases in the Consumer Price Index (CPI). A Stipulation was filed at the Public Utilities Commission on July 19, 2011, after the end of the time period covered by this report. [Under the stipulation it was agreed that the annual revenues for the Freeport Division would be increased by \$60,500 or 8.99%.]

Summary of Ratepayer Savings, 1982 to 2011
Attributable to Public Advocate Interventions

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|----|--------------|---|---------------|
| 1. | FY 11 | CMP Credit and Collection: Pursuant to an agreement with the OPA CMP agreed to pay a \$3 million dollar penalty in this case to benefit ratepayers. In addition, the Company agreed to contribute \$1 million to fund an arrears forgiveness program to reduce past balances for certain low-income customers on CMP's Electricity Lifeline Program ("ELP") as of September 30, 2010 | \$ 4,000,000 |
| | * | BHE Standard Cost Case: Office's efforts contributed to a reduction In stranded cost charges | \$ 600,000 |
| | * | FairPoint acquisition of Verizon resulted in a rate reduction worth \$90 million over a five year period (FY 09 through FY 13) (5 yr. reduction – 3 rd year) | \$ 18,000,000 |
| | * | CMP – December 2008 Ice Storm Deferral - In July, the Commission issued an Order resolving this case. CMP had requested reimbursement from customers for a little more than \$11 million for incremental costs it incurred in restoring service from damage caused in York and Cumberland counties by the December 2008 Ice Storm. The Commission agreed to allow CMP to recover \$7.71 million. We had argued in our brief that CMP was only entitled to \$5 million. Thus, through our efforts, CMP' revenue requirement will have \$3.3 million less than it would have and rates will therefore be lower | \$ 3,300,000 |
| | * | Various water utility cases where the OPA was the only non-utility party | \$ 398,808 |
| 2. | FY 10 | Various water utility cases where the OPA was the only non-utility party | \$ 343,622 |
| | * | CMP's Advanced Metering Infrastructure proposal: In 2007, CMP proposed a \$90 million Advanced Metering Infrastructure investment in the context of a rate case. We strongly opposed the AMI investment, and a June 2008 stipulation that settled the rate case set up a "Phase II" process for ongoing examination of the AMI issue. In early 2010, the Commission approved a revised CMP AMI investment proposal the cost of which was covered in large part by a US DOE smart grid grant. This grant is expected to allow CMP to make this investment with no cost to ratepayers because the benefits of AMI will cancel out those costs. Thus, our advocacy in forestalling approval of AMI in 2008 allowed for this grant to be won by CMP, saving ratepayers approximately \$90 million | \$ 90,000,000 |
| | * | Maritime ratepayer savings are attributed to elements: restoring two compressor fuel zones, and expand the first zone to include all of the Maritime delivery points in Maine which reduces the costs of delivering gas to Maine markets. The second element gained was | |

	the pipeline's commitment to make up to \$250,000 per year available to subsidize the costs of constructing new gate stations for gas distribution companies seeking to supply gas to new markets off of the Maritime pipeline (this program will be in place for 5 years).	\$8,500,000
	* FairPoint acquisition of Verizon resulted in a rate reduction worth \$90 million over a five year period (FY 09 through FY 13) (5 yr. reduction – 2 nd year)	\$ 18,000,000
3.	FY 09 During FY 09 customers of 10 Maine electric utilities received an increase of 13% in Low Income Assistance Program funding	\$ 906,000
	* Due to a shift in the schedule by which Maine Yankee will collect the cost to repay a loan from the Spent Fuel Disposal Trust Fund	\$ 4,125,000
	* As part of CMP's alternative rate plan, CMP's rates are adjusted each July 1 based on a price index formula. On March 13, 2009 CMP submitted its annual filing. Our Office participated in the review of CMP's request to increase its distribution delivery rates by 10.5% effective July 1, 2009. As a result of a negotiated settlement the Company agreed to an overall 5.9% increase in their distribution delivery rates	\$ 1,900,000
	* FairPoint acquisition of Verizon resulted in a rate reduction worth \$90 million over a five year period (FY 09 through FY 13) (5 yr. reduction – 1 st year)	\$ 18,000,000
	* New Unitil Low Income Program	\$ 111,717
	* Various water utility cases where the OPA was the only non-utility party	\$ 21,178
4.	FY 08 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 (FY 09 through FY 13)	NA
	* Ratewatcher Telecom Guide is estimated to save people \$5 million a year	\$ 5,552,023
	* 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

- 5. FY 07** 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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 - * Various water utility cases where the OPA was the only non-utility party

	\$214,182
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- 6. FY 06** 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
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 - * Bangor Hydro ARP Adjustment, a .46% reduction from BHE's original request where the OPA was the only non-utility litigant

	\$ 254,740
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 - * Maine Yankee incentive case at FERC, 50% share of reduction in final payment attributable to success in multi-party negotiations

	\$ 400,000
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 - * Various water utility cases where the OPA was the only non-utility party

	\$ 174,201
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- 7. FY 05** Maine Yankee incentive case at FERC, 50% share of reduction in final payment attributable to success in multi-party negotiations

	\$ 400,000
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 - * 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
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 - * 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
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 - * 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
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- 8. FY 04** 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

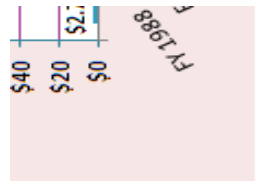
	\$ 1,330,000
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 - * Maine Public Service Stranded Costs, a \$6.5 million reduction in amounts deferred for recovery over 2004 to 2008 due to our

	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
9. FY 03	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 2002-2003	\$ 83,000
10. FY 02	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 plan was withdrawn by BHE in conjunction with a 6-year Alternative Rate which we 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
11. FY 01	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
12. FY 00	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
13. FY 99	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
14. FY 97	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
15. FY 95	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

16. FY 91	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
17. FY 90	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
18. FY 89	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 filed attrition testimony, motion granted 12/22/89	\$ 35,000,000
*	Isle au Haut, instrumental in bringing telephone service to island	NA
19. FY 88 and prior		
*	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
19. Total FY 89-FY 06, excluding settlements		\$ 127,980,000
20. Total FY 89-FY 11, Including Settlements		\$ 516,719,200
21. Prior Savings, including settlements, FY 82-FY 88		\$ 107,050,000
22. Total, excluding settlements, FY 82-FY 11		\$ 152,035,434
23. Total, Including Settlements, FY 82-FY 11		\$ 452,619,500

ATTACHMENT B



**Maine Speaking Engagements, Continuing Education
& Developmental Training
July 2010 through June 2011**

A. Richard Davies

- Sept. 7, 2010: Speaker – Maine Fiber Co. Advisory Board (Augusta)
- Sept. 16, 2010: Webinar – Smart Grid Communications Options
- Oct. 12, 2010: Panelist – Maine Yankee Oversight Committee (Augusta)
- Dec. 2, 2010: Interview – Kathryn Skelton, Lewiston Sun Journal re Smart grids and smart meters
- Dec. 3, 2010: FERC webinar – FERC jurisdiction, laws and rules
- Jan. 19, 2011: Presentation on OPA to Legislature’s EUT Committee
- Jan. 24, 2011: Webinar – Regulatory treatment of ARRA funds
- Feb. 2, 2011: Webinar – “What is a Utility anyway and who needs it? For what?”
- Feb. 8, 2011: Webinar – Systems perspective on smart grid communications
- Mar. 16, 2011: FERC Quarterly spent fuel briefing
- April 12, 2011: Maine Yankee Oversight Committee
- April 20, 2011: Speaker – Maine Energy Marketers Association
- May 5, 2011: Maine Yankee Decommissioning Trust Fund briefing
- May 24, 2011: Speaker – public meeting in Baileyville re Woodland Pulp gas pipeline proposal
- June 1, 2011: FERC quarterly spent fuel briefing
- June 9, 2011: Speaker – PUC public meeting re: Aqua Maine rate increase request

B. Mary Campbell

- June 6, 8, 14 & 16, 2011: Webinar Training – Advantage ME

C. William C. Black

- October 26, 2010: Maine State Bar Association sponsored “The Cyberslueth’s Guide to the Internet”

D. Patty Moody-D’Angelo

- July 21, 2010: Webinar – Bus. Intelligence in the Public Sector: The Value of Efficient Resource Utilization
- July 22, 2010: Webinar Training – Learn How to Streamline Your PDF Comparison Capabilities with Workshare OCR Technology
- July 23, 2010: Briefing on GovDelivery by InforME
- August 3, 2010: HR Briefing

- Oct. 13, 2010: Webinar – Leveraging Technology to Fight Budget Difficulties in State & Local Governments (I360Gov)
- Oct. 22, 2010: Webinar – Empowering Low-Income Communities
- Oct. 24, 2010: Webinar – Social Recruiting – Practical Approaches to Getting the Results You Need (On the Web)
- Jan. 4, 2011: HR Briefing
- Jan. 26, 2011: Webinar – Akamai State of the Internet
- Feb. 2, 2011: Webinar – What is a “Utility” Anyway and Who Needs It? For What?
- Feb. 9, 2011: Teleconference – Broadband Acceleration Conference (FCC)
- March 1, 2011: HR Briefing
- March 4, 2011: Maine Telecommunications Relay Service Advisory Council (Quarterly Meeting)
- April 6, 2011: Webinar – Restructuring Our Nation: From Finance to Management
- May 5, 2011: Teleconference – Ensuring Telecommunications Service Quality: Can Competition Substitute for Regulatory Oversight
- May 17, 2011: Teleconference – The Fundamentals and Frontiers of Regulatory Law: New Approaches to Organizing and Growing Legal Knowledge
- June 9, 2011: Webinar Training – Collaborative Faster on Word, PowerPoint and Excel (Workshare)
- June 14-16, 2011: Webinar Training – AdvantageME (IET, (CT), (ABSJ, JV) and (CR)
- June 23, 2011: Webinar – The Future of Natural Gas Hedging: Utilities, Consumer Advocates, and Regulators Weigh In

E. Eric Bryant

- July 15, 2010: Attorney General sponsored “Annual Review of Case Law”
- October 26, 2010: Maine State Bar Association sponsored “The Cyberslueth’s Guide to the Internet”
- May 24, 2011: Attorney General sponsored “Law of Preemption and Appellate Brief Writing”

F. Agnes Gormley

- July 8, 2010: Likeable Lawyer Hindsight, Foresight and Insight
- September 8, 2010: Renewable Energy PPAs Risk Allocation
- January 24, 2011: Regulator Treatment of ARRA-Funded Infrastructure Projects

G. Debbie Tondreau

- June 6, 8, 14 & 16, 2011: Webinar Training – Advantage ME

H. Wayne Jortner

- July 8, 2010: Likeable Lawyer Hindsight, Foresight and Insight
- October 6, 2010, December 1, 2010, March 3, 2011 April 8, 2011 June 15, 2011: Wayne Jortner regularly provides presentations to the Maine Telecommunications Users Group, describing recent events and ongoing issues in state and federal telecommunications regulation.

*Regional and National Meetings and Conference
July 2010 through June 2011*

1. Universal Service Administrative Company (Washington, DC) July 26-28, 2010;
October 24-27, 2010; January 30-31, 2011; April 25-28, 2011
Wayne Jortner
2. Independent System Operator – New England – Meeting (Boston, MA)
July 5, 2010; September 16, 2010; December 9, 2010; (Westborough, MA)
March 3, 2011; June 1-3, 2011 (Essex, VT)
Agnes Gormley
3. Independent System Operator – New England – Meeting (Boston, MA)
September 16, 2010;
Eric Bryant
4. Federal Energy Regulatory Commission (Washington, DC) October 5-6, 2010;
November 3-4, 2010; December 14-15, 2009; January 6-8, 2010
William C. Black
5. Federal Energy Regulatory Commission (Washington, DC) December 7-8, 2010
Agnes Gormley
6. Federal Communications Commission – Broadband Mtg (Westborough, MA)
November 19, 2010
Wayne Jortner
7. Federal Communications Commission – Re Time Warner (Washington, DC)
January 11-12, 2011; January 30-31, 2011
8. National Association of State Utility Consumer Advocates – Annual Conference
(Chicago, IL) November 15-18, 2010
Agnes Gormley
9. Unitil meeting (Hampton, NH) September 9, 2010
Wayne Jortner
10. National Association of State Utility Consumer Advocates – Annual Meeting
(Atlanta, GA) November 14-17, 2010

Patty Moody-D'Angelo, Agnes Gormley & Bill Black

11. Eastern Interconnection Planning Collaborative (Washington, DC) October 12-14, 2010
Eric Bryant

12. New England Conference of Public Utility Commissions (Bretton Woods, NH)
June 19-21, 2011
Agnes Gormley

125 th LEGISLATURE, 1 st SESSION
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OPA position adopted: 25 75.6%

OPA position rejected: 8 24.4%

Bills OPA testified on: 33 100.0 %

Legend: **OTP = Ought to Pass**
 OTP-A = Ought to pas as amended
 ONTP = Ought not to pass

LD# Bill Title

- 48 An Act to Require Oral Disclosure of the Cost of Certain Public Telephone Calls**
 Sponsor: Flood
 OPA position: support Committee action: **ONTP/OTP-AM Indef. Postponed**
- 68 Resolve, Directing the PUC to Examine the Purchase of Low-cost Electric Power From Quebec**
 Sponsor: Bolduc
 OPA position: oppose Committee action: **ONTP**
- 183 An Act Relating to Net Energy Billing for Solar Energy Users**
 Sponsor: Eves
 OPA position: oppose Committee action: **ONTP**
- 197 An Act to Improve Response to Gas Safety Emergencies**
 Sponsor: Hinck
 OPA position: support Committee action: **OTP PL Ch. 27**
- 241 An Act to Promote Energy Independence and Renewable Energy Production**
 Sponsor: T. Clark
 OPA position: oppose Committee action: **ONTP**
- 361 Resolve, to Evaluate the Energy Use of the State House**
 Sponsor: Cornell du Houx
 OPA position: support Committee action: **OTP Resolves Ch. 40**
- 407 An Act to Require Clarification of the Dig Safe Standards**
 Sponsor: Cray
 OPA position: NF/NA Committee action: **OTP-A PL Ch. 72**
- 429 An Act to Clarify the Role of the Public Advocate**
 Sponsor: Thibodeau
 OPA position: support Committee action: **OTP-A PL Ch. 79**

- 463 An Act Concerning Policy Objectives of the Public Utilities Commission**
Sponsor: Hinck
OPA position: support Committee action: **OTP-A PL Ch. 109**
- 493 An Act to Provide Municipalities Reciprocal Rights to Rent Space for Street Lights**
Sponsor: Harvell
OPA position: oppose Committee action: **ONTP**
- 529 An Act to Enhance Transparency in the Regulation of Large T&D Utilities**
Sponsor: Cornell du Houx
OPA position: support Committee action: **OTP-A PL Ch. 71**
- 553 An Act to Reduce Maine's Dependency on Oil**
Sponsor: Fitts
OPA position: support Committee action: **OTP-A PL Ch. 400**
- 756 An Act to Limit the Use of Smart Meters**
Sponsor: Sirocki
OPA position: support Committee action: **OTP-A Resolves Ch. 82**
- 729 An Act to Prohibit Electric Utilities from Entering into Long-Term Supply Agreements**
Sponsor: Thomas
OPA position: NF/NA Committee action: **OTP-A PL Ch. 273**
- 732 An Act to Reduce Costs for Businesses with Previous Utility Payment Records**
Sponsor: Thibodeau
OPA position: support Committee action: **OTP Resolves Ch. 32**
- 761 An Act to Provide Rebates for Purchase of Certain Solar and Wind Power Equipment**
Sponsor: Berry
OPA position: oppose Committee action: **OTP-A PL Ch. 314**
- 772 An Act to Amend Auditing Requirements for Accounts of All Water Utilities**
Sponsor: Ayotte
OPA position: oppose Committee action: **OTP-A PL Ch. 77**
- 789 An Act to Eliminate the Governor's Office of Energy Independence and Security**
Sponsor: Moulton
OPA position: oppose Committee action: **ONTP**
- 795 An Act to Expand Net Energy Billing**
Sponsor: Whittemore
OPA position: oppose Committee action: **OTP-A PL Ch. 262**
- 801 An Act to Authorize the PUC to Require that T&D Lines be Placed Underground**
Sponsor: Hill
OPA position: opposed Committee action: **ONTP**
- 802 An Act to Amend the Requirements for Electric Transmission Lines**
Sponsor: Bartlett
OPA position: support Committee action: **OTP-A PL Ch. 281**

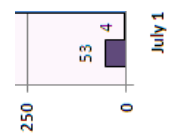
- 908 An Act Regarding Gas Utilities under the Safety Jurisdiction of the PUC**
Sponsor: Fitts
OPA position: support Committee action: **OTP-A PL Ch. 197**
- 1061 An Act to Amend the Lien Process for Unpaid Water Rates**
Sponsor: Welsh
OPA position: support Committee action: **OTP PL Ch. 97**
- 1077 An Act to Enhance Participation in Decisions relating to Large-scale Extraction And Transportation of Water**
Sponsor: Burns
OPA position: oppose Committee action: **ONTP**
- 1091 An Act to Expand the Availability of Natural Gas to the Citizens of Maine**
Sponsor: Katz
OPA position: support Committee action: **OTP-A PL Ch. 261**
- 1191 An Act to Encourage Business Development by Limiting the Time a Utility May Hold A Business Customer's Deposit**
Sponsor: MacDonald
OPA position: support Committee action: **OTP-A Resolves Ch. 38**
- 1275 An Act to Amend the Laws Governing the Activity of Certain Nonprofit Corporations**
Sponsor: Hobbins
OPA position: support Committee action: **OTP-A Resolves Ch. 68**
- 1411 An Act to Facilitate Transparency and Accountability while Reducing Electricity Costs**
Sponsor: Fossel
OPA position: oppose Committee action: **ONTP**
- 1447 An Act to Create Jobs through the Establishment of the Renewable Energy Resources Feed-in Tariff Program**
Sponsor: Russell
OPA position: oppose Committee action: **ONTP**
- 1466 An Act to Ensure Regulatory Parity among Telecommunications Providers**
Sponsor: Fitts
OPA position: oppose Committee action: **OTP-A Resolves Ch. 69**
- 1510 An Act Regarding Information Provided to Consumers by Competitive Electricity Providers**
Sponsor: Fitts
OPA position: support Committee action: **OTP-A PL Ch. 284**
- 1545 An Act to Authorize the PUC to Exercise Jurisdiction over Private Natural Gas Pipelines To Ensure Safe Operation**
Sponsor: Raye
OPA position: support Committee action: **OTP PL Ch. 110**
- 1570 An Act to Reduce Energy Prices for Maine Consumers**
Sponsor: Thibodeau
OPA position: NF/NA Committee action: **OTP-A PL Ch. 413**

**PUBLIC ADVOCATE STAFF TIME
BY UTILITY CATEGORY AND PROJECT: FY 11**

A. ELECTRICITY			100.00%	4173.5	49.90%
1. Federal		544	13.03%		
ISO/NE	289.5				
FERC	177				
NERC	5.5				
CONGRESS	4				
NASUCA	68				
2. State		3538.5	84.78%		
COALITION	3				
GOVERNOR'S INITIATIVE	10.5				
LEGISLATURE/HEARINGS	343.5				
POLICY	39				
PUC	2256.0				
COMPLAINTS	94				
BHE TRANSMISSION	6.5				
CMP TRASNMISSION	592				
MPS TRANSMISSION	7				
ALGONQUIN POWER SERVICE	115.5				
WYMAN TRANSMISSION	24				
OTHER TRANSMISSION	47.5				
SMART GRID	425.5				
3. Other		91	2.18%		
NEWSLETTERS	51.5				
PUBLIC SPEAKING	2				
ADMIN.	37.5				
B. FERRY			0.00%	0	0.00%
1. State		0			
C. TELEPHONE			100.00%	2382.5	28.49%
1. Federal		517.5	21.72%		
FCC	409.5				
NASUCA	108				
2. State		1335.5	56.05%		
PUC	749				
GOVERNOR'S INITIATIVE	1				
POLICY	110				
LEGISLATURE/HEARINGS	200				
COMPLAINTS	275.5				
3. Other		529.5	22.22%		

PUBLIC SPEAKING	71				
TELEPHONE GROUPS	85				
TRAINING	11				
NEWSLETTERS	358				
ADMIN.	4.5				
D. WATER			100.00%	691.5	8.27%
1. Federal		6	0.87%		
NASUCA	6				
2. State		675.5	97.69%		
POLICY	25.5				
GOVERNOR'S INITIATIVE	0.5				
COMPLAINTS	9.5				
PUC	640				
2. Other		10	1.45%		
ADMIN.	7.5				
PUBLIC SPEAKING	2.5				
E. NATURAL GAS			100.00%	1115.5	13.34%
1. Federal		592.5	53.12%		
FERC	586				
CONGRESS	6.5				
2. State		492.5	44.15%		
POLICY	58				
GOVERNOR'S INITIATIVE	1.5				
PUC	433				
3. Other		30.5	2.73%		
ADMIN.	21				
PUBLIC SPEAKING	9.5				
TOTAL	8788.5	8363			100.00%

ATTACHMENT G



ATTACHMENT H