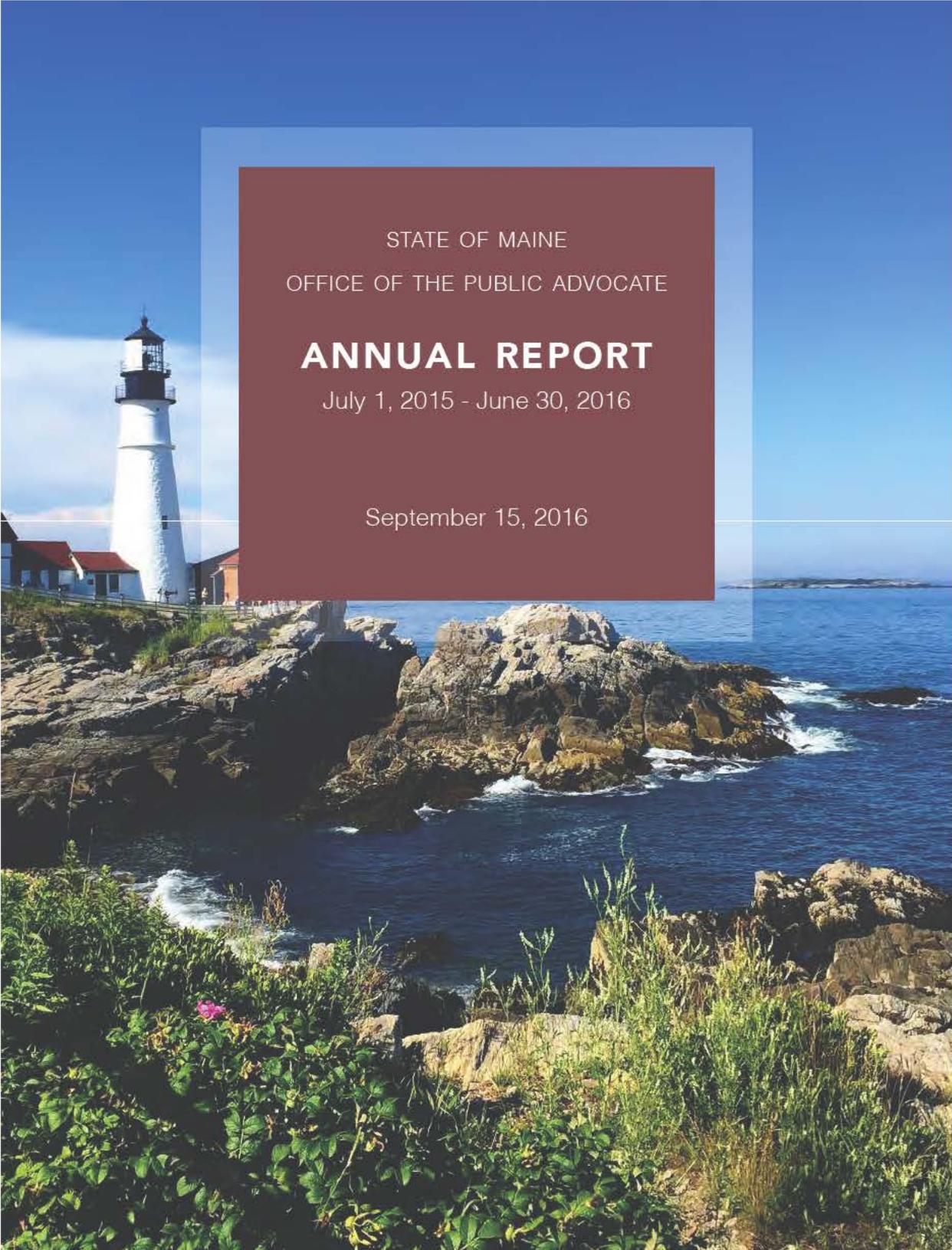


MAINE STATE LEGISLATURE

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STATE OF MAINE
OFFICE OF THE PUBLIC ADVOCATE

ANNUAL REPORT

July 1, 2015 - June 30, 2016

September 15, 2016



State of Maine
Office of the Public Advocate
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Paul R. LePage
GOVERNOR

Timothy R. Schneider
PUBLIC ADVOCATE

September 15, 2016

Dear Governor LePage and Members of the Joint Standing Committee on Utilities, Energy and Technology:

Each year, as required by 35-A M.R.S. § 1702(6), the Office of the Public Advocate submits an Annual Report providing an overview of the office's work in the prior year. Over the past twelve months the Office of the Public Advocate has been active in 89 proceedings at the state, regional and federal level, and testified on 20 bills affecting Maine utility customers.

A summary of the office's most significant efforts on behalf of electric, gas, telecommunications and water utility customers are included in this report. Highlights from the past year include:

- Successfully advocating for reforms to the Efficiency Maine Trust's programs serving low income Mainers to focus on direct installation of energy efficiency measures;
- Reaching a comprehensive settlement on two major gas cases with major implications for future state gas policy: 1) a request for rate increase by Maine Natural Gas, and 2) Unitil's procurement of gas capacity on behalf of its transportation customers; and
- Leading a collaborative effort to develop an alternative to net energy billing that would provide benefits to all ratepayers, and working—ultimately unsuccessfully—with a diverse group of stakeholders to implement this alternative through legislation.

Our office has vigorously pursued our mission for the past 35 years, and in the process earned the respect of both customers and regulated utilities. While there are a variety of ways to measure our success, the most easily understood is money saved for utility customers, based on positions advocated by our office alone. During Fiscal Year 2015 – 2016, our advocacy saved ratepayers \$11,213,344 million, bringing our 35 year total to more than \$568,223,687 million. Everyone at the Office of the Public Advocate is honored to work on behalf of Maine consumers, and looks forward to continuing the work of this office.

Sincerely,

A handwritten signature in blue ink that reads "Tim Schneider".

Timothy R. Schneider
Public Advocate

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ABOUT THE OFFICE OF
THE PUBLIC ADVOCATE

The Office of the Public Advocate's primary responsibility is to represent the interests of Maine users of utility services. Our attorneys and staff advocate for rates, services and practices to benefit residential customers in state and regional forums, and provide information and advice to ratepayers. For FY 2015-2016, we had nine employees and a total budget of \$1,840,659. An organizational chart is below.



2014-00048*Request for Approval of Certificate of Finding of Public Convenience & Necessity for Construction of a Transmission Line in Northern Maine Pertaining to Emera Maine*

In 2014, Emera Maine filed for a certificate of public convenience and necessity (CPCN) that would permit it to construct a \$29.8 million transmission upgrade to address reliability needs of the northern Maine transmission system. The case included alternative proposals, including transmission upgrades that would connect the system to ISO-New England and the rest of Maine, and potentially address concerns regarding the lack of competition and facilitate development of new renewable generation in Aroostook County. The Commission considered questions about cost, cost allocation, system impacts, the ability of alternatives to address market issues and promote renewable energy development, and whether Emera Maine (northern division) could or should join ISO-New England as a participating transmission owner if a direct interconnection was made. On October 8, 2015, the Commission denied Emera Maine's CPCN, finding instead that an upgrade to existing transmission facilities at a much lower cost (\$1.7 million) satisfied the prevailing transmission planning criteria. The Commission's order essentially adopted the solution put forward by the Office of the Public Advocate at the conclusion of the case.

The Commission indicated that it will conduct a second phase to this proceeding that will examine the costs and benefits of proposals to connect the northern Maine system to the ISO-New England transmission system with one or more direct transmission connections.

2015-00360*Request for Approval of a Proposed Rate Increase Pertaining to Emera Maine*

At the end of 2015, Emera Maine filed for an 8.3% increase in rates that, if approved by the Commission, would increase a typical residential customer's bill by roughly \$2.40 per month. Using expert witnesses, we filed testimony in June concluding that Emera Maine had only justified an increase of approximately half of what the company requested. In the course of this docket, the Commission instituted a management audit of three areas of Emera Maine's business: the maintenance and reliability of its transmission and distribution system, various elements of its customer service, and the development and implementation of a new and expensive customer billing system. We intend to review the results of this audit and may offer testimony concerning its conclusions. At the end of the fiscal year, Emera Maine was preparing to file its Rebuttal case, and the audit report was in development.

2015-00175*Request for Approval of Efficiency Maine Trust's Third Triennial Plan*

In December 2015, the Efficiency Maine Trust filed a petition for approval of its Third Triennial Plan for fiscal years 2017-2019. The Trust proposed a total budget of \$216.5 million over the three year period. Our work in the proceeding was focused on ensuring that all elements of the plan were cost-effective, reliable and achievable, and that Maine customers achieve a net savings from the programs that are approved and implemented.

During the course of the proceeding, together with the Trust and the Commission staff we helped identify areas where assumptions needed to be adjusted in order to ensure that projected savings were sound. Ultimately the Office of the Public Advocate (OPA) entered into a stipulation with most of the parties to the case that reflected the adjusted metrics. The stipulation provided for programs that required funding in FY 2017 of \$57.8 million, FY 2018 of \$59.8 million, and FY 2019 of \$67.7 million, for a total of \$184.5 million. The Commission approved the stipulation in July 2016.

Our efforts in this proceeding and the stakeholder process that preceded it also focused on the need to improve programs that serve low income customers. By statute, the Trust is required to spend 10% of its funding on these programs. We advocated for the development of targeted programs and outreach to be specifically designed for this critical sector. The Commission has opened a separate docket to further pursue this important effort.

2011-00138*Request for Approval of Non-Transmission Alternative (NTA) Pilot Projects for the Mid-Coast and Portland Areas Pertaining to Central Maine Power Company*

In this docket, the Commission monitored GridSolar's Boothbay Pilot, a non-transmission alternative, implemented pursuant to a stipulation approved by the Commission. The pilot project, together with certain transmission improvements, was configured to be capable of reliably reducing load by 2 MW in the Boothbay area and eliminated the need for CMP's proposed \$18 million transmission line. In February of 2016, CMP reported that the load growth in the Boothbay area had slowed so much compared to prior forecasts that a continuation of Boothbay Pilot was no longer required.

The new load forecast provided by CMP demonstrated the success of the Boothbay Pilot. The pilot delayed construction of a costly transmission line, which was later determined not to have been needed because of the reduction in the load forecast. Had CMP built the line as it had proposed, the revenue requirement would have exceeded \$75 million over the 45 year life of the project. These amounts would already be in rates, and a new load forecast, were it even to be performed, would not have affected those rates.

2016-00049*Commission Initiated Investigation into the Designation of a Non-Transmission Alternative Coordinator*

In May of 2015, the Commission denied GridSolar’s petition requesting that the Commission appoint GridSolar as the Smart Grid Coordinator for the State of Maine. Based in part on the success of the Boothbay Pilot, the OPA supported the appointment of GridSolar as the Non Transmission Alternative (NTA) Coordinator. The Commission determined that there may be value in establishing an NTA Coordinator and, on April 4, 2016, opened an adjudicatory proceeding to determine whether it was in the public interest to have a smart grid coordinator in order to achieve the policy objectives of the Smart Grid Policy Act. The NTA Coordinator would be an entity that would develop least cost alternatives to transmission projects that would meet the reliability needs of the electric system.

One of the questions in this proceeding is whether it would be a third party entity or the transmission and distribution utility that should perform the function of the NTA Coordinator. Because existing law and rules give utilities incentives to favor transmission solutions over NTAs that would bias their analysis we have advocated that the NTA Coordinator be an independent third party. The proceeding is ongoing.

2015-00218*Commission Initiated Inquiry into Market-Based Solar Policy Design Stakeholder Process*

The Commission opened this docket pursuant to Resolves, Ch. 37 of the First Session of 127th Legislature, which directed the Commission to convene a stakeholder group to develop an alternative to net energy billing based on the framework set forth in a white paper developed by the Office of the Public Advocate. That framework proposed using market-based mechanisms to support development of solar across four market segments—residential, commercial & industrial, community solar, and grid scale—in a manner that would lower costs to ratepayers.

The stakeholder process lead by the OPA was unique in its transparency and iterative nature: the OPA and its consultant developed straw proposals, parties submitted written responses, and the proposals were revised and discussed in a series of day long meetings throughout the fall and winter. More than thirty parties actively participated in the process, including transmission and distribution utilities, local and national solar companies, environmental advocates, Efficiency Maine Trust, municipalities, legislators and the Governor’s Energy Office. Though the parties were not able to reach consensus on all issues, the work done in the stakeholder process ultimately led to comprehensive solar legislation in the second session of the 127th Legislative Session, LD 1649, that garnered the support of many of these same stakeholders.

2014-00071

Investigation into Parameters for Exercising Authority Pursuant to Maine Energy Cost Reduction Act, 35-A M.R.S.A. Section 1901

In this ongoing proceeding, the Commission considered whether it is in the best interest of ratepayers to direct Maine utilities to enter into so-called Energy Cost Reduction Contracts (ECRC): long-term contracts for new gas pipeline capacity. In July of 2015, the Commission's consultant, London Economics, Inc. (LEI) submitted analysis that showed that none of the contract proposals submitted by pipeline companies provided benefits to Maine ratepayers were Maine to act alone. Subsequent analysis performed by LEI indicated that, under certain scenarios, an ECRC would benefit Maine if other states also purchased pipeline capacity. Through discovery, the OPA developed evidence to show that the scenarios showing likely benefits most closely matched expected future conditions. We recommended that the Commission enter into a limited ECRC conditioned on purchase of pipeline capacity by other states. In July of 2016, the Commission deliberated this case and recommended that Maine enter into an ECRC with Spectra Energy's Access Northeast Project as part of a regional procurement.

FERC DOCKET NO. EL15-85-000

New Hampshire Transmission, LLC

In this FERC proceeding, the OPA, in collaboration with the Massachusetts Office of the Attorney General and other parties, successfully challenged the inclusion of certain costs in regional transmission rates. New Hampshire Transmission, LLC (NHT) is the owner of a high voltage substation and a short section of high voltage transmission lines near the Seabrook nuclear power station in New Hampshire, and thus it owns transmission facilities that operate in the ISO-NE control area. It recovers its revenues associated with these facilities through the Regional Network Service formula rate provisions of the ISO-NE tariff. Beginning in 2008, ISO-NE and the participating transmission owners began to seek a solution to a reliability problem in the greater Boston area. In 2012, NHT began to develop and promote a solution to this reliability concern. While much of this solution would have gone undersea, none of it would have been in its very small service territory, and it was ultimately rejected. NHT then recovered the costs of its effort to develop this solution into rates. The OPA and others objected and filed a protest at FERC based in part on the fact that these costs were entrepreneurial in nature and should be borne by NHT. Following testimony and discovery, the parties entered into negotiations, and ultimately agreed to a settlement. In this settlement, NHT and all parties agreed that NHT will provide a refund of \$6.5M of the \$9.9M it had placed into regional rates. At the close of the fiscal year, this settlement had been filed at but remained pending before FERC.

FERC DOCKET NO. EL15-85-000

ISO New England Inc. Participating Transmission Owners Administrative Committee, et. al.

Since June of 2015, ratepayer advocates in New England, including the Office of the Public Advocate, had been negotiating with the New England transmission utilities to promote greater transparency in how transmission rates were calculated. These negotiations resulted in a set of draft protocols that would govern the annual updates of rates that the Participating Transmission Owners (PTOs) file, and allow opportunities for consumer advocates and other parties to conduct discovery and challenge the components of these rates. At the end of 2015, FERC issued an order finding that the tariff pursuant to which the PTOs in New England derive their revenues lacked sufficient transparency to allow meaningful challenge by parties who may object to rates. Following the order, negotiations on these protocols were concluded and parties have since been negotiating other provisions of the formula rate tariff in the effort to comply with FERC's transparency requirements. At end of the fiscal year, these negotiations were well underway. We believe a global settlement of these issues to be very possible and could happen within the coming year.

OTHER ELECTRIC CASES

- **2014-00049**
Request for Approval of Certificate of Finding of Public Convenience & Necessity for Construction of Lakes Region Transmission Project Pertaining to Central Maine Power
- **2014-00050**
Request for Approval of Certificate of Finding of Public Convenience & Necessity for Construction of Waterville-Winslow Region Transmission Project Pertaining to Central Maine Power Company
- **2014-00172**
Request for Adjudicatory Proceeding for Approval of Revenue-Neutral Change in Rate Design to Remove Seasonal Price Differential from Rates Pertaining to Emera Maine
- **2014-00364**
Request for Approval of an Affiliated Interest Transaction and Commission Investigation of Generation Service in Maine by CMP's Affiliates Pertaining to Central Maine Power Company
- **2015-00040**
Request for Approval of Customer Relationship Management & Billing System Pertaining to Central Maine Power Company
- **2015-00058**
Commission Initiated Inquiry into the Goals and Objectives for Long-Term Contracting Pursuant to the Commission's Authority Under 35-A M.R.S.A. Section 3210-C
- **2015-00090**
Request For Approval of Heat Pump Program Pertaining to Emera Maine
- **2015-00091**
Request For Approval of (Load Limiters) Tariff Revision Pertaining to Emera Maine
- **2015-00093**
Request For Approval of An Accounting Order Pertaining To Emera Maine
- **2015-00113**
Commission Initiated Inquiry into Low-Income Assistance Plans Pertaining to Maine Public Utilities Commission
- **2015-00156**
Request For Update to Stranded Cost Revenue Requirement Pertaining to Emera Maine
- **2015-00161**
Commission Initiated Investigation into Emera Maine's Transmission Maintenance and Planning Practices

OTHER ELECTRIC CASES

- **2015-00326**
Request For Approval of An Affiliated Interest Transaction (Pension Plan) Pertaining To Emera Maine
- **2016-00005**
Investigation of Landowner Complaints Regarding Albion Road and Maguire Road Substations Pertaining to Central Maine Power Company
- **2016-00026**
Request For Approval of Rate Change Regarding Stranded Cost Revenue Requirement And Annual Reconciliation Of Stranded Cost Revenue And Costs Pertaining to Central Maine Power Company
- **2016-00029**
Request For Approval of Affiliated Interest Transaction And Loan Agreements With Avangrid, Inc. Pertaining To Central Maine Power Company
- **2016-00035**
Request For Approval Annual Compliance Filing Pertaining to Central Maine Power Company
- **2016-00079**
Request For Review of Stranded Cost Reconciliation For Bangor Hydro District And Maine Public District Pertaining To Emera Maine
- **2016-00081**
Commission Initiated Inquiry into RGGI Disbursements to Certain Customers Pertaining to Maine Public Utilities Commission
- **2016-00086**
Request for Approval of Application of Financing Pursuant to Section 901 Et Seq Pertaining to Houlton Water Company - Electric Department
- **2016-00108**
Request for Approval of a Rate Change - 307 (10/01/16) Pertaining to Kennebunk Light & Power District
- **2016-00119**
Request for Approval of Eminent Domain Authority Pertaining to Central Maine Power Company
- **2016-00120**
Commission Initiated Inquiry into Net Energy Billing Rules (Chapter 313)

2014-00132*Proposed Changes Pertaining to Northern's Retail Choice Program*

On May 9, 2014, Northern Utilities, d/b/a Unutil filed a petition for approval of proposed changes to its Retail Choice program. This program gives commercial and industrial customers the choice of having their gas both supplied and delivered by Northern, referred to as “sales service”; or buying gas from other parties, such as retail gas marketers, and having Northern deliver that gas, referred to as “delivery service.” Northern described a number of problems with its current Retail Choice structure, including (1) an inability to determine the amount of transportation capacity it should plan for; (2) the use of estimates instead of actual costs to price capacity resources used by gas marketers; and (3) Northern’s direct management of its capacity resources, instead of releasing those resources to marketers who may be able to utilize them more efficiently. To address these issues, Northern proposed acquiring enough capacity to meet the full requirements of all of its customers, pricing its capacity resources at cost, and releasing those resources directly to gas suppliers.

The OPA agreed that Northern’s Retail Choice program was problematic, especially because it shifted costs from delivery service customers to sales service customers by having sales service customers pay for any difference between the estimated and actual costs of capacity resources used to supply delivery service customers. To end this practice, on October 5, 2015 the OPA entered into a partial settlement with Northern and two marketers that had intervened in the case. Under this settlement, Northern would price its capacity resources at cost, and release all but a limited number of its capacity resources to delivery service customers and their marketers. This settlement was approved by the Commission on October 26, 2015.

The remaining issues in this lengthy and complicated case were resolved by a Commission Order issued on July 7, 2016. The Commission agreed with a number of recommendations made by the OPA to protect Northern’s residential customers, as well as commercial and industrial customers that buy their gas from Northern rather than a gas marketer. These include: (1) assigning capacity to customers that purchase their gas from retail marketers at 100% of a customer’s design day demand, unless that customer is exempt from assignment; (2) limiting assignment exempt status to larger customers that understand and can manage the implications of not being supported by Northern’s capacity; and (3) implementing a system of fees and eligibility restrictions for customers switching between delivery service and sales service, which will mitigate the shifting of costs onto other customers.

2015-00005*Request for Approval of an Alternative Rate Plan (ARP) and Establishment of Starting Point Rates Pertaining to Maine Natural Gas Corporation*

On March 5, 2015, Maine Natural Gas Corporation (MNG) filed for Commission approval of a multi-year rate plan covering December 1, 2015 through November 30, 2018. The plan called for a distribution revenue increase of \$6.0 million, or 66% in the first rate year, which MNG proposed to mitigate by deferring recovery of a portion of its authorized return on equity in rate years one and two for recovery in rate year three. The request for such a large increase in revenue was partly a product of the significant costs MNG had incurred in recently expanding its system into the City of Augusta and some surrounding towns. The OPA, the City of Augusta, and Kennebec County intervened, as did the Town of Brunswick, Bowdoin College and the Mid-coast Regional Redevelopment Authority (collectively the “Brunswick Intervenors”).

After discovery and testimony by the parties, the OPA, MNG, and the City of Augusta proposed a settlement under which MNG’s distribution revenue would increase by 17.4 % in rate years one through three, and then decrease by 6% in year four and 2.8% in year five. The Brunswick Intervenors opposed the settlement, which the Commission rejected in an Order issued on January 8, 2016. The Commission’s rejection was primarily based on its finding that the settlement would have resulted in non-Augusta area customers paying for part of the costs MNG incurred in expanding its system to reach Augusta area customers.

The parties resumed settlement negotiations, in which Commission Staff participated. These negotiations produced an unopposed settlement with a 10 year rate plan that split MNG’s customers into three groups with distribution rates set in a different manner for each group. Non-Augusta area rates, based on traditional cost-of-service ratemaking, would allow for a 10.6% increase in distribution revenue in the first four years, followed by an 18.1% decrease in the fifth year. Augusta area customers who took service prior to the implementation of the rate plan would be subject to rates based on the year six rates for non-Augusta area customers, subject to a surcharge designed to recover some of the cost associated with MNG’s expansion in the Augusta area. The rates for Augusta area customers taking service after the effective date of the rate plan would be initially be set at MNG’s discretion, subject to rate caps. These caps could be adjusted upwards as much as 20% in any one year according to an index that measures the relationship between the price of natural gas and the prices of heating oil and propane. All three of these rate mechanisms are subject to a review after seven years, at which point Commission may terminate the entire rate plan or any piece of it that was not operating as intended. The Commission approved this settlement on June 1, 2016.

2015-00204*Request for Approval of Tariff Revision (8/27/15) Pertaining to Bangor Gas Company, LLC*

On July 28, 2015, Bangor Gas Company (BGC) filed a request for Commission approval to revise its tariff to require transportation customers (i.e., those commercial and industrial customers who buy their gas from a supplier other than BGC) to install wireless meters, which would transmit data via cellular technology instead of over a telephone landline. BGC conceded that there would be significant costs associated with these new meters, up to \$3,500 plus the cost of providing electricity at the meter site, if not already present. BGC asserted that these costs would be offset by the benefits the wireless meters would provide, such as giving customers the ability to access and review their daily volumes and daily consumption through an electronic bulletin board. BGC also claimed that there would be no impact on customer rates as a result of installing this equipment.

The OPA negotiated with BGC to reach a settlement of this case that would allow BGC to have transportation customers install the wireless meters but make the financial impact manageable for those customers. The terms of this settlement include: (1) a two-tiered installation program that gives customers with landline meters installed on or after January 1, 2014 until January 1, 2018 to switch to wireless meters; (2) a 24 month payment plan to spread out the costs of the wireless meters, with no financing charges; and (3) the ability of customers to use an electrician of their choice to bring electric power to the meter site, if not already present. The settlement also included some special accommodations for public school systems that had raised concerns about the requirement to install wireless meters. This settlement was approved by the Commission on May 25, 2016.

2016-00030*Request for Approval Relating to Long-Term Financing, Affiliated Interest Transactions and Reorganization Pertaining to Bangor Gas Company, LLC*

On February 17, 2016, Bangor Gas Company (BGC) filed for Commission approval of the reorganization of the subsidiary and holding company structure of its corporate parent, Gas Natural, Inc. (GNI), and three financing agreements between GNI and BGC. Under the reorganization, GNI would eliminate the holding company of which BGC was currently the sole subsidiary and consolidate ownership of GNI's natural gas utilities in Maine, North Carolina, Ohio, and Montana under a single holding company. Two of the three financing agreements between BGC and GNI would provide BGC with access to funds that it could use to support its operations and continue to expand its service area. The third financing agreement assigned to BGC its portion of the debt for specialized software used by BGC and other GNI subsidiaries.

NATURAL GAS

The OPA determined that the rates and the terms of the financing agreements were reasonable and that the proposed reorganization had the positive effect of placing all of GNI's regulated utilities under a single holding company, so that their operations were not intermingled with GNI's unregulated activities. The OPA then entered into a settlement with BGC that placed several conditions on the company to ensure the protection of customers, including: (1) limits on the dividends that BGC can pay out to GNI and its subsidiaries; (2) the suspension of dividend payouts in the event that BGC loses access to funds under the financing agreements with GNI; (3) a limit on the amount of debt that BGC may incur; (4) a requirement that the funds obtained under the financing agreements be used in Maine; and (5) reporting requirements for BGC concerning actions or events affecting it or one of its affiliates, including GNI. This settlement was approved by the Commission on August 9, 2016.

OTHER NATURAL GAS CASES

- **2012-00598**
Request For Approval of An Alternative Rate Plan (ARP) Pertaining to Bangor Gas Company, LLC
- **2015-00018**
Request For Approval of 2015 Integrated Resource Plan (IRP) Pertaining to Northern Utilities, Inc d/b/a Unitil
- **2015-00041**
Request For Approval of 2015 Summer Period Cost of Gas Adjustment Pertaining to Northern Utilities, Inc. d/b/a Unitil
- **2015-00048**
Request For Approval of New Term And Condition And An Accounting Order Pertaining to Summit Natural Gas of Maine, Inc.
- **2015-00063**
Request For Approval of Atlantic Bridge Projects With Algonquin Gas Transmission And Maritimes & Northeast Pipeline Pertaining To Maine Natural Gas Corporation
- **2015-00071**
Request For Approval of A Waiver Of Chapter 820 De minimis Limitations For Promotional Equipment Rental Program Pertaining To Northern Utilities, Inc. d/b/a Unitil
- **2015-00087**
Request For Approval of An Affiliated Interest Transaction With Granite State Transmission - Annual Informational Report Pertaining To Northern Utilities, Inc. d/b/a Unitil
- **2015-00091**
Request For Approval of (Load Limiters) Tariff Revision Pertaining to Emera Maine
- **2015-00146**
Request For Approval of Targeted Area Build-Out Program Pertaining to Northern Utilities, Inc. d/b/a Unitil
- **2015-00165**
Request For Approval of Annual Cost of Gas Filings (9/1/15 - 8/31/16) Pertaining to Maine Natural Gas Corporation
- **2015-00199**
Request For Approval of Cost of Gas Activities For (5/1/14 - 4/30/15) Pertaining to Bangor Gas Company, LLC
- **2015-00207**
Request For Approval of Cost of Gas Filings Pertaining To Summit Natural Gas of Maine, Inc.

OTHER NATURAL GAS CASES

- **2015-00214**
Request For Approval of A Waiver of Chapter 83 Regarding Promotional Allowances Pertaining To Summit Natural Gas Of Maine, Inc.
- **2015-00231**
Request For Approval of Cost of Gas Filings Pertaining To Northern Utilities, Inc. d/b/a Unitil
- **2015-00259**
Request For Approval of Tariff Revision to Allow For Collection of Natural Gas Conservation Program Assessment Pertaining To Bangor Gas Company, LLC
- **2015-00300**
Request For Approval of Tariff Revision Pertaining to Maine Natural Gas Corporation
- **2015-00316**
Request For Approval of Revision to Terms And Conditions For Natural Gas Conservation Assessment Pertaining to Northern Utilities, Inc. d/b/a Unitil
- **2015-00358**
Request For Approval of An Accounting Order Pertaining to Summit Natural Gas
- **2016-00014**
Request For Approval of Tariff Revision (Previously Filed In 2015-00063) Pertaining to Maine Natural Gas Corporation
- **2016-00025**
Request For Approval of Cost of Gas Filings (Summer) Pertaining to Northern Utilities, Inc. d/b/a Unitil
- **2016-00033**
Request For Approval of Targeted Infrastructure Replacement Adjustment Rate (35-A M.R.S.A. Section 5706) And 2015 Cast Iron Replacement Program Reporting Pertaining to Northern Utilities, Inc. D/B/A Unitil
- **2016-00040**
Commission Review of Procurement And Hedging Program Pertaining to Bangor Gas Company, LLC
- **2016-00058**
Request For Approval of Annual Price Change Pertaining to Summit Natural Gas Of Maine, Inc
- **2016-00060**
Request For Approval of An Affiliated Interest Transaction Pertaining to Northern Utilities, Inc. d/b/a Unitil
- **2016-00069**
Request For Approval of An Affiliated Interest Transaction Pertaining to Maine Natural Gas Corporation

OTHER NATURAL GAS CASES

- **2016-00097**
Public Utilities Commission Amendments to Commissions Rules Regarding Cost of Gas Adjustment Chapter 430
- **2016-00122**
Request For Approval of Annual Cost of Gas Filings (9/1/16 - 8/31/17) Pertaining to Maine Natural Gas Corporation
- **2016-00123**
Request For Approval of Amendment For Recovery of Veazie Lateral Charges And Recovery For Orrington Capacity Charges For Maritimes & Northeast Pipeline Pertaining to Bangor Gas Company, LLC
- **2016-00138**
Request For Approval of Cost of Gas Filings (5/01/15 - 4/30/16) Pertaining to Bangor Gas Company, LLC

Maine Yankee Oversight Meetings

Every three months a group of Maine state officials (including the Office of the Public Advocate, and representatives from the departments of Public Safety, Human Services, and Environmental Protection) meet with representatives from Maine Yankee to review developments and update attendees on issues regarding the former Maine Yankee site and the Independent Spent Fuel Storage Installation (ISFSI) located in Wiscasset.

Quarterly Conference Calls

On a quarterly basis, representatives of the three Yankee Atomic companies (including Maine Yankee), and state regulators from Connecticut, Massachusetts and Maine, including the Maine Public Advocate, hold a conference call to review national, regional and state activities regarding nuclear waste disposal, lawsuits against the U.S. Department of Energy (DOE), federal actions affecting nuclear power plants (open or closed), and the activities of the several national groups working on nuclear power and waste issues.

Maine Yankee Investment Overview

In March of each year, Maine Yankee's investment advisory firm briefs the PUC Chair and the Public Advocate on the performance of their Nuclear Decommissioning Trust investment portfolio during the preceding calendar year. In 2015, the portfolio exceeded its goal of a 4.4% return over the most recent five year period.

2015-00185

Request for Approval of Certificate of Finding of Public Convenience & Necessity Pertaining to Enhanced Communication of Northern New England, Inc. d/b/a Fairpoint Long Distance-NNE

Enhanced Communications of New England, Inc. (Enhanced), is a competitive local exchange carrier (CLEC) and a subsidiary of FairPoint Communications, Inc. (FairPoint), the corporate parent of FairPoint Communications, NNE, Maine's largest incumbent local exchange provider (ILEC), as well as several smaller ILEC's. On June 23, 2015, Enhanced filed a petition to provide local exchange service throughout all of Maine, including in exchanges served by an ILEC that is a subsidiary of FairPoint. The OPA intervened and submitted comments on Enhanced's petition, expressing the concern: (1) because Enhanced and the FairPoint ILECs have identical ownership and management, profitability among these entities can be managed strategically; and (2) that FairPoint could use Enhanced to move customers and services from its regulated ILEC's to the unregulated CLEC. To prevent this, the OPA recommended that if the Commission granted Enhanced's petition, Enhanced should be subject to monitoring and reporting requirements to track its revenues and the number of its customers.

In an Order issued on June 20, 2016, the Commission approved Enhanced's petition to operate in all local exchanges within Maine, except for those where another subsidiary of FairPoint provides service as an ILEC. Enhanced has filed a request for reconsideration of this Order, which the Commission has yet to rule on.

OTHER TELECOMMUNICATIONS CASES

- **2008-00108**
Request For Approval Compliance With Commission Orders In Docket No 2007-67
- **2014-00075**
Review Filings of FairPoint's Quarterly Reports With Compliance of Stipulation In 2013-00192
- **2014-00376**
Request For Review of POLR SQI Reporting 3rd Quarter 2014 (FairPoint)
- **2014-00377**
Request For Review of 2014 Q3 SQI Filing (TDS Companies)
- **2015-00031**
Request For Review of POLR SQI Reporting 4th Quarter 2014 (FairPoint)
- **2015-00158**
Request For Approval of An Affiliated Interest Transaction Pertaining to Oxford West Telephone Company, Oxford Telephone Company
- **2015-00198**
Request For Rulemaking For Chapter 880 Requested By Office Of The Public Advocate
- **2015-00233**
Request For Review of POLR SQI Reporting 2nd Quarter 2015 (FairPoint)
- **2015-00267**
10 Person Complaint With Unresolved Problems Pertaining to Northern New England d/b/a FairPoint Communications
- **2015-00302**
Request For Approval Under 35-A M.R.S.A. Section 707 & 1101 Pertaining to Mid Maine Telecom, Pine Tree Telephone And Saco River Telephone
- **2016-00083**
Request For Review of POLR SQI Reporting 1st Quarter 2016 Pertaining to Northern New England d/b/a FairPoint Communications
- **2016-00095**
Public Utilities Commission Amendments To Chapter 201 Of The Commissions Rules Regarding Provider Of Last Resort Service Quality
- **2016-00124**
Request For Approval Of Interconnection Agreements With At&T Wireless Services, Inc Pertaining to Northern New England D/B/A FairPoint Communications
- **2016-00133**
Commission Initiated Inquiry Into Removal of Provider of Last Resort Service Obligation
- **2016-00142**
Request For Approval of Reorganization Pertaining to Oxford West Telephone Company, Oxford Telephone Company

2014-00324*Investigation into the Acts and Practices of the Rangeley Water District*

On March 11, 2015, in response to concerns raised by a customer and the result of its own informal investigation, the Commission initiated an investigation into the reasonableness of Rangeley Water District renting a cabin located on watershed protection property to the District's superintendent. The Commission conducted a technical conference on May 29, 2015, at which both the OPA and the customer that had initially raised the issue about the rental took part. In the interim, the Water District took actions to address the concerns that initiated the investigation. On July 2, 2015, the District filed a motion for summary judgment, asserting that there were no material facts in dispute and that the renting of the cottage did not require Commission approval.

2015-00338*Request for Approval of Rate Change - 6104 Pertaining to New Sharon Water District*

On November 4, 2015, the New Sharon Water District filed a proposed rate change, pursuant to 35-A M.R.S. § 6104, which allows consumer owned water utilities to put new rates in place after notice and a public hearing, unless 15% of the utility's customers request that the Commission investigate the proposed rate change. In this case, the District was requesting a change to its rates that would increase its revenue requirement by 25.67%, and 15% of its customers requested that the Commission open an investigation into the proposed rate change.

After discussing the proposed rate change with the District and the Commission Staff, the OPA entered into a settlement with the District that allowed for a rate change that would increase the District's revenue requirements by 22%. The settlement also required the District to take steps to address several of its systemic problems, such as seeking financing to replace its aging infrastructure. Additionally, the District will: (1) adopt a meter replacement program to help determine why a significant amount of the water pumped by the District does not appear in customer bills; and (2) investigate the refinancing of its existing debt. The Commission approved this settlement in an Order issued on June 1, 2016.

2016-00106*Request for Approval of Tariff Revision Regarding System Development Charges Pertaining to Kennebunk/Kennebunkport/Wells Water*

The Kennebunk, Kennebunkport, and Wells Water District filed, on May 26, 2016,

WATER

a set of proposed rate changes to its Service Development Charge (SDC), which is assessed on new customers and existing customers who increase their demand for water. The purpose of the SDC is to allow a consumer owned water utility to charge customers that increase demand on the system for any related water system expansion. In this case the District sought to increase its SDC charge for ½” meters by 0.71%, for 5/8” meters by 0.71%, and for ¾” meters by 0.66%. The District would calculate the charges for meters larger than ¾” based on estimates of water consumption.

After discussing the District’s proposal with the District’s staff at a technical conference held by the Commission, the OPA determined that the SDC increases the District had proposed were reasonable. These increases would help the SDC achieve its purpose of insulating existing customers from much of the financial impact of infrastructure expansions required to serve new customers or customers increasing their demand on the District’s system. After the OPA indicated that it had no objection to the proposed SDC increases, the Commission approved those increases in an order issued on July 13, 2016.

OTHER WATER CASES

- **2012-00487**
Commission Initiated Investigation Into Lease Agreement And Contract For Bulk Water Sales Between Fryeburg Water Company And Nestle Waters of North America
- **2014-00321**
Investigation Into The Acts And Practices of The Machias Water Company
- **2014-00354**
Request For Approval of Rate Change - 6104 (12/1/2015) Pertaining to Berwick Water Department
- **2015-00159**
Petition For Exemption Pursuant To 35-A M.R.S.A. Section 6114 And Chapter 615 Pertaining to Portland Water District
- **2015-00230**
10 Person Complaint Determining The Use of Sound Management Practices Pertaining to Rangeley Water District
- **2016-00048**
10 Person Complaint Regarding An Unreasonably High Increase In Rates For Private Fire Protection Pertaining to The Maine Water Company - Biddeford & Saco
- **2016-00096**
Request For Approval of Reorganization Pertaining to The Maine Water Company - Biddeford & Saco
- **2016-00121**
Request For Approval of Rate Change - 6104 Pertaining to Hallowell Water District (Proposed Effective 1/1/17)
- **2016-00139**
Request For Approval of Rate Change - 6104 Pertaining to Castine Water Department (Proposed Effective 10/1/16)

In the Second Session of the 127th Legislature, the Office of the Public Advocate was active on nearly 20 bills before the Energy, Utilities and Technology Committee, including seven introduced for the first time that session.

LD 1649

An Act To Modernize Maine's Solar Power Policy and Encourage Economic Development - Vetoed

The work by stakeholders in Commission Docket No. 2015-00218 ultimately led to the introduction of comprehensive solar legislation in the second session of the 127th Legislature. The Legislation garnered the support of the OPA, utilities, environmental advocates and Maine's solar industry, among many others. The final legislation, passed by both the House and the Senate, would have built 196 MW of solar PV in Maine by 2020. Estimates prepared by the OPA estimated that the bill would have resulted in a net benefit to Maine ratepayers of \$58 million over 20 years. The bill replaced the net energy billing regime with an alternative that lowered compensation for new residential and small business solar customers over time, in line with cost declines in the solar market. It also established an innovative community solar program and robust opportunities for commercial, industrial and municipal customers, who would be compensated at a rate based on the result of competitive procurements. The bill was vetoed by the Governor, and the veto was sustained by two votes in the House of Representatives.

LD 466

An Act To Increase Competition and Ensure a Robust Information and Telecommunications Market – Enacted, Chapter 462

After a stakeholder session directed by the EUT Committee failed to reach consensus, the OPA continued to work with FairPoint to find common ground on the appropriate level of regulation for basic telephone service (so-called “Provider of Last Resort” (POLR) Service. These negotiations produced a potential compromise that would allow limited deregulation in Maine cities and towns with multiple competitive alternatives, in exchange for greater service quality protections in the rest of the state. This compromise, with additional stakeholder input, formed the basis for LD 466, which was passed by the Legislature and signed into law.

The law makes the following changes to Maine's telephone regulation:

- Eliminates FairPoint’s POLR regulation in Maine’s seven most populous communities, with 15 more communities to be phased in over the next 18 months, assuming certain obligations are met;
- Establishes a process for FairPoint to be relieved of its POLR obligations in additional communities where there are sufficient competitive alternatives;
- In communities where FairPoint continues to have a POLR obligation, makes service quality protections stronger by requiring the Commission to order FairPoint to improve service if service quality declines and impose fines for failure to do so;
- Limits the amount that FairPoint may increase the cost of POLR service; and
- Strengthens state law prohibiting telephone providers from abandoning service.

The statute also requires the Commission to report back to the Legislature at regular intervals on the impact of these changes.

LD 1676

*An Act To Establish a Process for the Procurement of Biomass Resources—Enacted,
Chapter 483*

At the close of the session, supporters of Maine’s forest products industry and the state’s biomass generators proposed legislation that would require Maine ratepayers to pay above market rates for electricity from Maine’s biomass generators. Proponents cited the economic benefits of maintaining continued demand for waste wood generated by the forest products industry, but were unable to identify any direct benefits to the electricity ratepayers who would directly bear the cost. Along with Maine’s transmission and distribution utilities and the Governor’s office, we successfully advocated for any above-market costs associated with these commitments to be allocated to the general fund, consistent with other state economic development efforts.

SUPPORT FOR UTILITY CUSTOMERS

In addition to our advocacy before the Public Utilities Commission and the Legislature, the Office of the Public Advocate provides support to consumers by assisting with consumer concerns regarding utility service, providing information to consumers, and assisting individual litigants before the Commission.

Responding to Customer Concerns

In the past year, the Office of the Public Advocate received and addressed 505 consumer calls, emails and in-person questions. These calls often require multiple follow-ups with the utility and the consumer before the issue is completely resolved. In concert with the recently approved triennial plan of the ConnectME Authority, the Consumer Advisor is now taking calls regarding internet service accounting for 64 of the contacts received this past year.

In addition to consumer complaints that come in to the office directly, the Consumer Advisor participated in four public forums addressing the upcoming changes to telephone deregulation and a public hearing in Brunswick for residents concerned about a proposed rate increase by Maine Natural Gas. The Office of the Public Advocate provided documents to assist residents in deciding the appropriate avenue to pursue their complaints.

Consumer Education

Over the past year we have continued to update our website to serve as an effective public education tool. We continue to serve as a dynamic resource for customers interested in competitive electricity providers by updating the rate offerings on a monthly basis. Currently, the Consumer Advisor is developing a website to house the instructional documents, templates and explain the typical process a case takes through the PUC process in lay terms.

Another major project has been the 2016 edition of the Ratewatcher Guide, which will be published in September of 2016. The 24-page guide contains articles and charts detailing the services and rates of broadband internet service providers, local and long-distance telephone service, voice over internet protocol (VOIP) options and wireless phone and internet providers available across Maine. The Ratewatcher is distributed to 22,000 households across the State and is available for download from the OPA website.

Assisting Litigants

Cases before the Maine Public Utilities Commission (PUC) are often a daunting prospect for concerned citizens wanting to express their opinions in a particular case. Building on

SUPPORT FOR UTILITY CUSTOMERS

the instructional documents created in 2015, we have added additional instructions including: how to file a document in a case docket, how to file for reconsideration or appeal, and how to petition to intervene. Additionally, there are templates available for individuals wanting to file a 10-person complaint or petition to intervene in a case. Working with individuals, we have helped draft three petitions in the last year for ratepayers asking the PUC to investigate a rate case with their local utility. We have also assisted pro se litigants in six separate cases and worked with two individuals to help draft ten-person complaints.

RATEPAYER SAVINGS

Ratepayer savings from July 1, 2015 to June 30, 2016 attributable to the efforts of the Office of the Public Advocate:

2016-00035 **\$10,771,370**

Central Maine Power, Annual Compliance Filing

The application of the revenue decoupling mechanism advocated for by the OPA in CMP's rate case resulted in a 3.24% (\$6,209,653) reduction in residential rates and a 6.45% (\$4,561,717) reduction in commercial /industrial rates.

For description, see page 8

2016-00122 **\$441,974**

Maine Natural Gas, Request for Approval of Annual Cost of Gas Filings

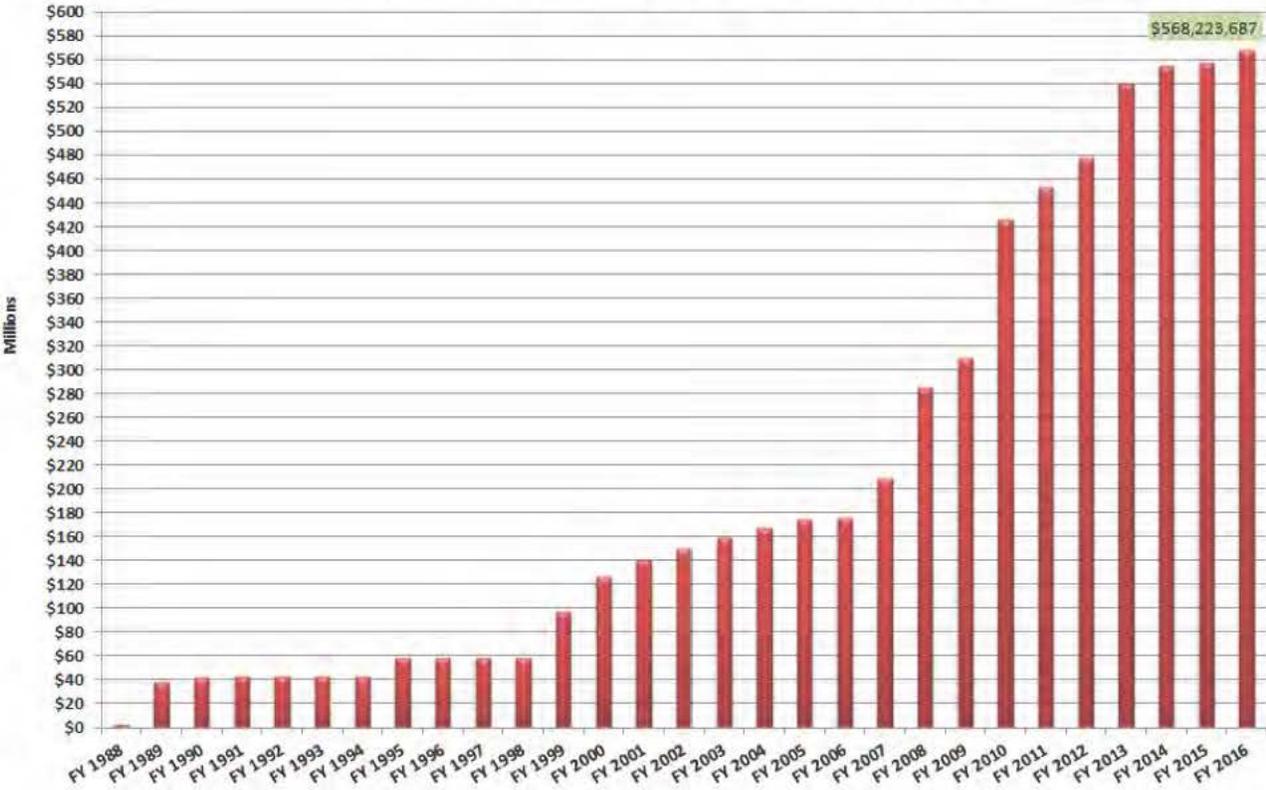
In this proceeding, the OPA successfully argued for changes in the method for calculating purchased gas costs that resulted in a reduction of MNG's past cost adjustment from \$785,859 to \$343,885.

For description, see page 15

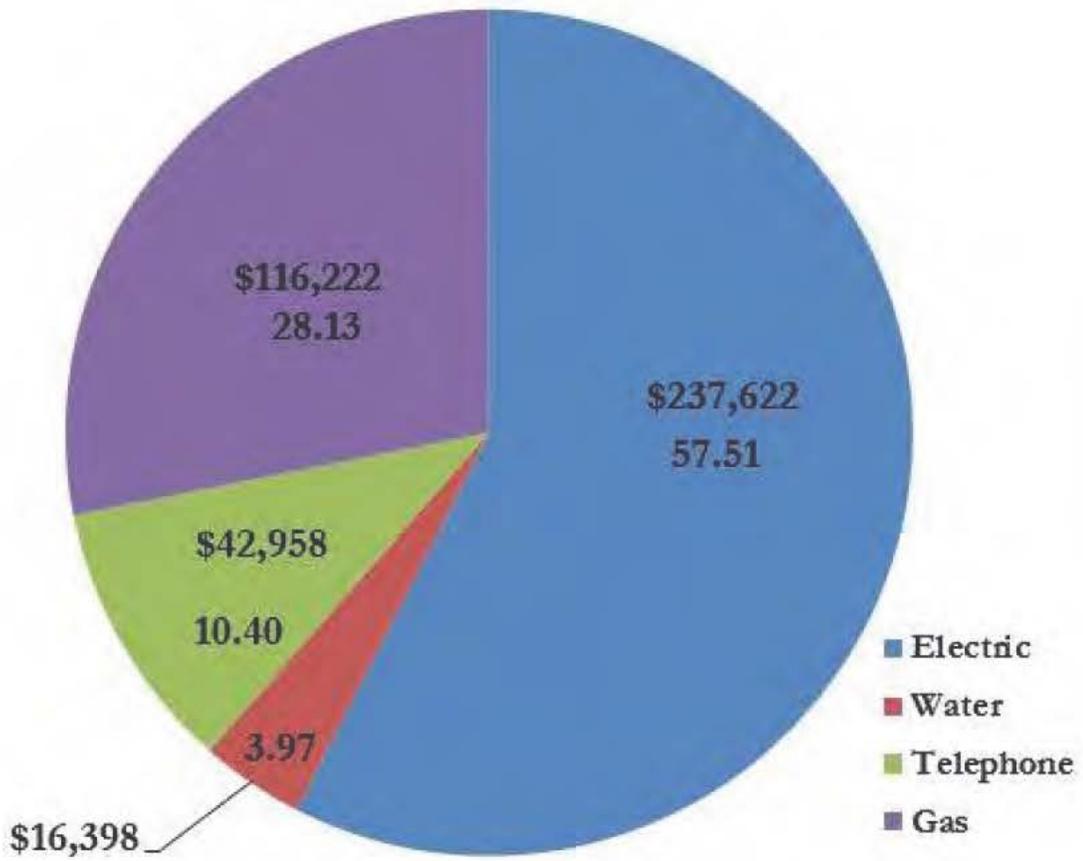
TOTAL SAVINGS FY 2015 – 2016: **\$11,213,344**

CUMULATIVE SAVINGS

Cummulative Savings in Rates 1988 to 2016



CONSULTANT COSTS



PUBLIC ADVOCATE
STAFF TIME

