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# STATE OF MAINE PUBLIC UTILITIES COMMISSION



## 2020 Annual Report

February 1, 2021



# Maine Public Utilities Commission

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**Commissioner R. Bruce Williamson**  
**Commissioner Randall D. Davis**



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## Commissioners

**Philip L. Bartlett, II**  
Chairman

**R. Bruce Williamson**  
Commissioner

**Randall D. Davis**  
Commissioner

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## Division Directors

Derek Davidson  
Consumer  
Assistance and  
Safety

David Braley  
Telephone and  
Water

Faith Huntington  
Electric and Gas

Maria Jacques  
Emergency  
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Administration

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Legal

## Commissioners' Letter

This report provides an overview of the work conducted by the Maine Public Utilities Commission (Commission) in 2020 administering the laws concerning public utilities in Maine.

This past year included some very challenging work for the Commission as well as some very good news for Maine consumers. The Commission's Electric and Gas Division conducted the annual standard offer RFP for electricity supply. Maine residential and small business consumers will see reductions of 10-12% on the supply portion of their bill in 2021. This is in addition to the 19-23% reductions that were realized in 2020.

The Commission completed its work on the CMP Metering and Billing Case and ordered a reduction to CMP's return on common equity of 100 basis points, which represents a minimum of nearly \$10 million in earnings reduction. This disallowance may only be lifted when CMP meets all benchmarks for all service-quality metrics for at least 18 consecutive months.

The Commission approved 17 renewable energy projects for long-term contracts as required by the Maine Legislature. The full list can be found here: <https://www.maine.gov/mpuc/electricity/rfps/class1a2020/>. These projects are estimated to reduce greenhouse gas emissions by approximately 500,000 tons per year and create more than 450 full-time equivalent jobs.

The Executive Summary of the report is detailed on page 2 and highlights the more noteworthy cases and events that occurred during calendar year 2020 including initiatives to address and reduce the impacts of the pandemic on Maine consumers. The Commission has a very dedicated and talented group of employees. In addition to their hard work for the people of Maine, we are proud to report that our employees exceeded the Commission goal for the Maine State Employees Combined Charitable Appeal for the fifth consecutive year.

In all aspects of its work, the Commission continues to exercise its regulatory and public policy responsibilities diligently to ensure that utility services for Maine consumers are provided at rates that are just and reasonable and consistent with good utility practice. We look forward to working with the Legislature this year on utility issues.

With regards,

Philip L. Bartlett II  
Chairman

R. Bruce Williamson  
Commissioner

Randall D. Davis  
Commissioner



## 2. EXECUTIVE SUMMARY

This section of the annual report highlights some of the more noteworthy cases and events that occurred during calendar year 2020.

Topic	Description
911 System Refresh	In January 2020, the Commission's Emergency Services Communication Bureau executed an extension of the NG911 contract with Consolidated Communications for a new term that ends in 2025. The amendment provided for a comprehensive system refresh of all NG911 hardware and software, which was completed in January 2021.
Standard Offer Price Decrease	The Commission's Electric and Gas Division conducted the annual standard offer RFP for electricity supply in late 2020. Maine residential and small business consumers will see reductions of 10-12% on the supply portion of their bill beginning January 1, 2021. This is in addition to the 19-23% reductions in 2020.
CMP Metering and Billing Investigation	After extensive hearings, testimony and a forensic audit, Commission staff issued an Examiners' Report on January 9, 2020. The report identified major problems with the implementation of CMP's new billing system, and significant concerns over poor customer service. The report also concluded that CMP's meters functioned properly. In late January the Commission Ordered CMP to do the following, at its own cost: (a) conduct additional testing of SmartCare and remedy all remaining defects under third-party oversight; (b) establish an independent process to investigate and resolve open customer complaints about high usage; (c) report to the Commission monthly on the status of closing out the few open defects in SmartCare; (d) submit a comprehensive plan for managing the ongoing maintenance of the SmartCare system; and (e) hire an independent third-party to monitor and evaluate call center performance.
Distributed Generation Procurement	In February the Commission issued its procurement announcement for the first block of distributed renewable generation projects pursuant to the "Act To Promote Solar Energy Projects and Distributed Generation Resources in Maine". In August, the Commission issued its Order finding that this first procurement was not competitive pursuant to the Act. Specifically, the bid prices (greater than 19 cents per kWh) and bidding behavior, indicating that the first bidding did not reflect cost-based bids. In addition, accepting excessively high prices to set the clearing price for the first block would drive the results of the remaining four rounds and result in significant costs to ratepayers.
Gas Safety and Dig Safe	The United States DOT's Pipeline & Hazardous Materials Safety Administration (PHMSA) gave the Consumer Assistance & Safety Division (CASD) a perfect score of 100% for the Commission's pipeline safety program. PHMSA also gave the CASD a perfect score for its damage prevention program (Dig Safe).



## EXECUTIVE SUMMARY CONTINUED

Topic	Description
Emera/Enmax (now Versant) Merger	On May 7, 2019, Emera Maine filed a petition for approval of reorganization resulting from a proposed transaction in which ENMAX Corporation would acquire all the outstanding common stock of BHE Holdings Inc. the parent company of Emera Maine. The initial stipulation was rejected by the Commission and a revised stipulation was received providing for \$8M in customer rate credits, \$5M for low income ratepayers, and specific reliability and service quality metrics. The Commission approved the reorganization April 21, 2020.
Pandemic Response	In response to the pandemic, the Commission issued an inquiry to assess the impact of the pandemic on utility customers and utilities. Steps taken to date include an emergency moratorium on customer disconnects in March to assist customers in the early days of the pandemic, when businesses were being shuttered and people were ordered to stay at home. It was lifted November 1 as businesses opened and winter protections began. The Commission also reduced the Late Payment Charge for utility customers from 11.25% to 3.25%.
207 Area Code Investigation	On April 9, 2020, the Commission opened an Inquiry to assess possible options to extend the useful life of the 207 area code which is currently projected to “exhaust” by the fourth quarter of 2024. The Commission’s investigation revealed hundreds of potential blocks that could be donated back to the pooling administrator for use by other providers to assist with number conservation. In November, the Commission ordered all Maine carriers to donate eligible thousands-number blocks to the numbering pool.
Long Term Renewable Solicitation	Public Law 2019, Chapter 477 directed the Commission to conduct two competitive solicitation processes to procure an amount of energy or RECs from Class 1A resources equal to 14% of retail electricity sales during calendar year 2018, or 1.715 Million MWh. Of that 14% total, the Commission must acquire at least 7%, but not more than 10%, by December 31, 2020. The Commission approved 17 renewable energy projects for long-term contracts on September 22, 2020. Based on estimates from project bidders, these projects would reduce greenhouse gas emissions by approximately 500,000 tons per year. In addition, bidders have committed to provide more than 450 full-time equivalent jobs during the construction phase.
CMP Rate Investigation	On January 30, 2020, the Commission ordered a substantial reduction to CMPs return on common equity of 100 basis points, which represents a minimum of nearly \$10 million in earnings reduction. This disallowance may only be lifted when CMP meets all benchmarks for all service-quality metrics for at least 18 consecutive months and formally demonstrates to the Commission that problems have been solved. This disallowance is the largest ever imposed by the Commission on a transmission and distribution utility due to poor management. As a result, CMP will likely have the lowest common equity return of any electric utility in the country.



### 3. ORGANIZATION OVERVIEW

The Commission regulates electric, gas, telephone and water utilities to ensure that Maine citizens have access to safe and reliable utility services at rates that are just and reasonable for residential and business consumers and public utilities.

The Commission, created by the Maine Legislature in 1913, has broad powers to regulate public utilities in Maine including electricity, telephone, water, and gas providers. The Commission also responds to customer questions and complaints, grants utility operating authority, regulates utility service standards and monitors utility operations for safety and reliability and has authority over rates and service of ferry transportation in Casco Bay.

Like a court, the Commission adjudicates cases and may take testimony, subpoena witnesses and records, issue decisions or orders, and hold public and evidentiary hearings. The Commission encourages participation by all affected parties, including utility customers. The Commission also conducts investigations and rulemakings, investigates allegations of illegal utility activity and responds to legislative directives.

The three full-time Commissioners are nominated by the Governor, reviewed by the Legislature's Joint Standing Committee on Energy, Utilities and Technology and confirmed by the full Senate, for staggered terms of six years. The Governor designates one Commissioner as Chairman. The Commissioners make all final Commission decisions by public vote and action of the majority.

The Commission's staff of 64 includes accountants, engineers, lawyers, financial analysts, economists, consumer specialists, administrative and support staff. It is divided into six operating areas according to industry area or function.

**The Telephone and Water Division** and the **Electric and Gas Division** are designated to work on the issues related to these industries. Division staff conduct technical and financial investigations and analyses of utility operations, analyze applications by utilities to issue securities, advise the Commissioners on matters of rate base, revenues, expenses, depreciation, cost of capital, engineering, rate design, energy science, statistics and other technical elements of these utility areas. Staff also conduct various supply procurement processes, including standard offer electricity supply service.

**The Emergency Services Communication Bureau** manages the statewide Enhanced 911 system, including program development and implementation. The statewide 911 system is the component of the emergency response system that delivers 911 calls and displays the telephone number and physical location of the caller at one of Maine's 24 Public Safety Answering Points (PSAPs).

**The Consumer Assistance and Safety Division (CASD)** provides information and assistance to utility customers to help them resolve disputes with utilities. The CASD investigates a variety of complaints involving utility service, including quality of utility service, billing disputes, payment arrangements, rates or charges, disconnection, and utility repairs. The CASD also educates the public and utilities about consumer rights and responsibilities,



evaluates utility compliance with state statutes and Commission rules, and oversees gas safety regulation and enforcement as well as underground facilities damage prevention.

**The Legal Division** provides hearing officers in cases before the Commission and assists in preparing and presenting Commission testimony on legislative proposals. This division represents the Commission before federal and state appellate and trial courts, and various regional and federal administrative and regulatory agencies.

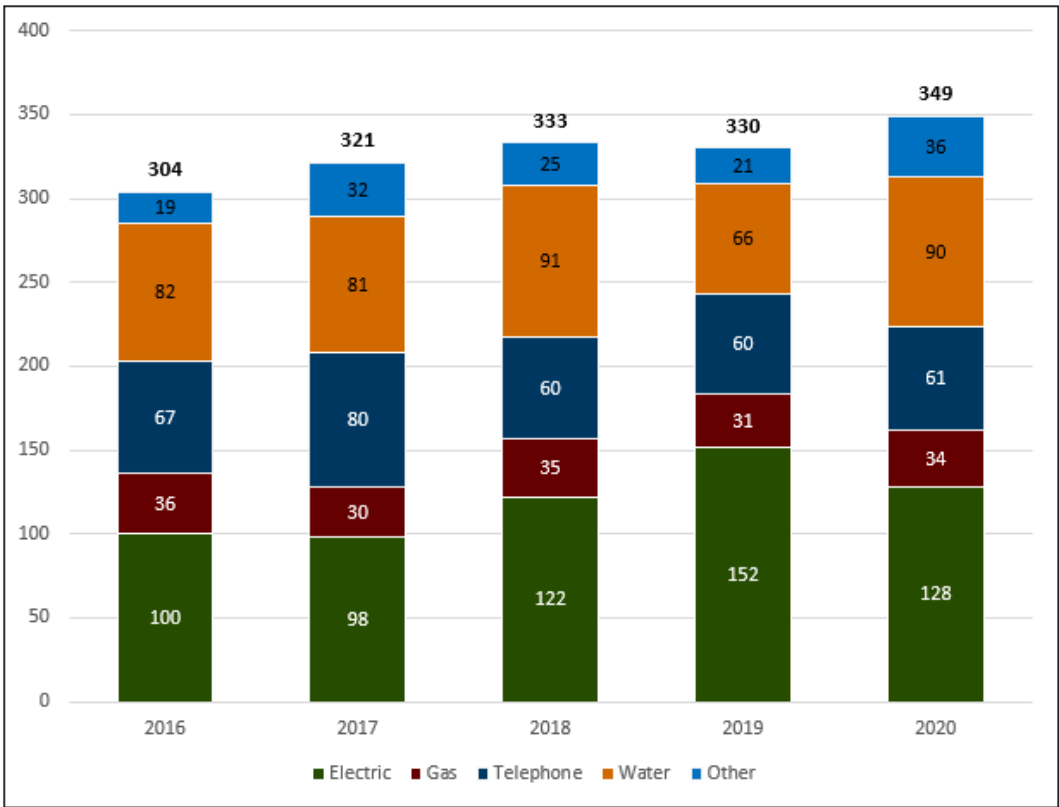
**The Administrative Division** handles day-to-day operational management of the Commission, with responsibilities for fiscal and personnel matters, contract and docket management, legislative analysis and the Commission's facilities. This division also oversees information technology including the Commission's Case Management and Consumer Complaint System.

**Efficient Case Management**

On average, the Commission receives approximately 330 cases a year from the utilities we regulate. More than 62% of these cases relate to electric and water utilities.

A recent detailed analysis shows that half of the telephone cases have been resolved within one month; half of the electric and “all other” industry cases are resolved within the first two months; and half of gas industry cases are resolved within three months.

**Table 1 – Commission Cases by Industry**





## 4. TELECOMMUNICATIONS

The only retail telephone service the Commission regulates is Provider of Last Resort (POLR) service, which is offered by Maine's incumbent local exchange carriers (ILECs) and provides consumers with the option of receiving basic telephone service at a flat rate within a basic calling area. POLR service also provides access to emergency services, operator services, long-distance service, directory assistance, and it provides for a toll limitation option for low-income customers.<sup>1</sup> Figure 1 on the following page shows the service territories of the POLR service providers in Maine.

The 127th Maine Legislature enacted legislation (2016 Act)<sup>2</sup> that removes the obligation to provide POLR service in 22 municipalities. The process to remove the obligation began in the summer of 2016 and was completed in 2018.<sup>3</sup> The Commission must include in its Annual Report, through 2022, information related to which municipalities have had the POLR obligation lifted, any municipalities where the Commission approved the discontinuance, reduction or impairment of service, and any complaints the Commission may have received regarding the costs of or a lack of access to reliable basic telephone service in those municipalities. The POLR service obligation has been eliminated in all 22 municipalities specified in the 2016 Act.

Maine's largest ILEC, Consolidated Communications (Consolidated), may request that the POLR service obligation be removed in additional municipalities. Before the Commission will lift the obligation, Consolidated must meet the applicable service quality standards and demonstrate that sufficient competition exists for both wireline and wireless service in the municipality for which relief is requested. To date, Consolidated has not requested to have its POLR service obligation lifted in any additional municipalities. In the municipalities where Consolidated has been relieved of its POLR service obligation, it is prohibited from discontinuing, reducing, or impairing (collectively known as abandoning) telephone service unless it receives Commission approval. The Commission has not approved abandoning telephone service in any other municipality, nor has it received any complaints regarding the costs of or a lack of access to reliable basic telephone service in municipalities where the POLR service obligation has been removed.<sup>4</sup>

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<sup>1</sup> POLR service provides access to these services, but any other charges, e.g. long-distance charges, are not included in the flat rate.

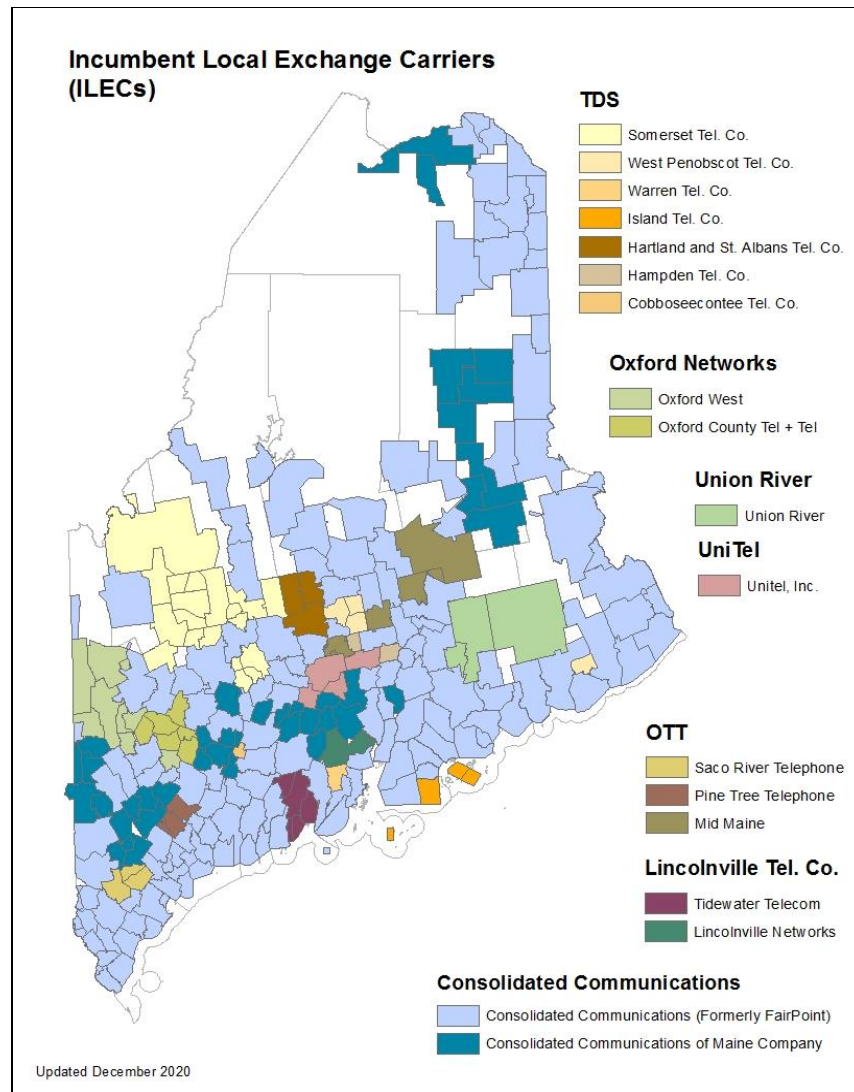
<sup>2</sup> Public Law 2015, c. 462.

<sup>3</sup> The 22 municipalities are: Portland, Lewiston, Bangor, South Portland, Auburn, Biddeford, Sanford, Scarborough, Gorham, Waterville, Kennebunk, Cape Elizabeth, Old Orchard Beach, Yarmouth, Bath, Westbrook, Freeport, Brewer, Kittery, Windham, Brunswick, and Augusta.

<sup>4</sup> In response to consumer complaints, Consolidated upgraded and replaced some of its facilities in the Brooksville area. The Commission has not removed Consolidated's POLR service obligation in Brooksville.



**Figure 1 – Incumbent Local Exchange Carriers**



In addition to jurisdiction over POLR service, the Commission retains jurisdiction over the enforcement of certain provisions of Federal telecommunications statutes related to wholesale telephone services and the interactions between competitive providers of telecommunications services. The Commission also retains the authority to certificate competitive local exchange carriers (CLECs) who wish to operate in Maine but does not regulate any aspect of their actual provision of voice service, such as pricing, terms and conditions, or service quality. The Commission has no regulatory authority over wireless (*i.e.*, cellular), VoIP voice services, or Internet service.

The telecommunications industry in Maine is impacted by increasing competition and other factors, resulting in the reduction of ILEC access lines and POLR service subscribers. Not only has there been a noticeable reduction of POLR service subscribers in recent years, but only about 11% of ILEC customers opt for POLR service. Table 2, below, shows historical data for both ILEC access lines and POLR service customers. All consumers can obtain long



distance service from a carrier other than their local exchange carrier. Telephone service employing VoIP technology – particularly the offerings of cable television providers – competes aggressively with traditional ILEC service in those areas where cable broadband is available. An increasing number of customers are substituting mobile wireless service and cable for traditional wireline service. However, wireless service in Maine may be unreliable or inconsistent in certain areas. The Commission has no authority to require wireless carriers to build out or improve their service but does review wireless buildout data from U.S. Cellular, which receives Federal Universal Service Fund (USF) support.

## **INDUSTRY TRENDS**

**Table 2 – ILEC and POLR Access Line Summary**

Telephone Company	ILEC Data					POLR Data				
	2008 Access Lines	2018 Access Lines	2019 Access Lines	Change 2018-2019	Change 2008-2019	2014	2018	2019	Change 2018-2019	Change 2014-2019
Consolidated Communications of Maine Company*	47,914	18,340	16,494	-10%	-66%	5,354	2,730	2,457	-10%	-54%
Consolidated Communications	411,345	136,571	123,620	-9%	-70%	24,488	8,829	7,045	-20%	-71%
UniTel Co.	4,386	2,915	2,816	-3%	-36%	428	251	224	-11%	-48%
Union River	1,260	1,066	1,086	2%	-14%	1,048	1,064	1,084	2%	3%
Cobboosecontee Tel & Tel Co.	645	243	235	-3%	-64%	77	44	43	-2%	-44%
Hampden Telephone Co.	2,857	1,430	1,404	-2%	-51%	314	183	174	-5%	-45%
Hartland & St. Albans Telephone Co.	3,659	2,102	2,027	-4%	-45%	441	251	233	-7%	-47%
Island Telephone Co.	620	524	514	-2%	-17%	209	164	162	-1%	-22%
Somerset Telephone Co.	10,509	6,858	6,843	0%	-35%	1,586	999	1,050	5%	-34%
Warren Telephone Co.	1,528	673	610	-9%	-60%	184	99	85	-14%	-54%
West Penobscot Telephone Co.	2,207	1,619	1,611	0%	-27%	282	182	181	-1%	-36%
Lincolnton Networks	1,794	1,490	1,494	0%	-17%	154	145	126	-13%	-18%
Tidewater Telecom	10,261	6,267	6,011	-4%	-41%	1,070	693	639	-8%	-40%
Mid-Maine Communications	5,228	1,954	1,784	-9%	-66%	1,343	712	278	-61%	-79%
Pine Tree Tel & Tel Co.	5,373	1,783	1,576	-12%	-71%	1,802	1,104	553	-50%	-69%
Saco River Tel. & Tel Co.	7,079	2,378	2,174	-9%	-69%	1,723	1,075	557	-48%	-68%
Oxford West Telephone Co.	6,373	2,823	2,602	-8%	-59%	4,348	2,740	2,517	-8%	-42%
Oxford Telephone Co.	5,595	2,246	2,051	-9%	-63%	3,666	2,226	2,033	-9%	-45%
Total Retail Lines	528,633	191,282	174,952	-9%	-67%	48,517	23,491	19,441	-17%	-60%
*Consolidated Communications of Maine Company includes the former Consolidated ILECs: China Telephone, Northland Telephone Co., Community Service Telephone Co., Sidney Telephone Co. Maine Telephone Co., and Standish Telephone Co.										



## **KEY EVENTS**

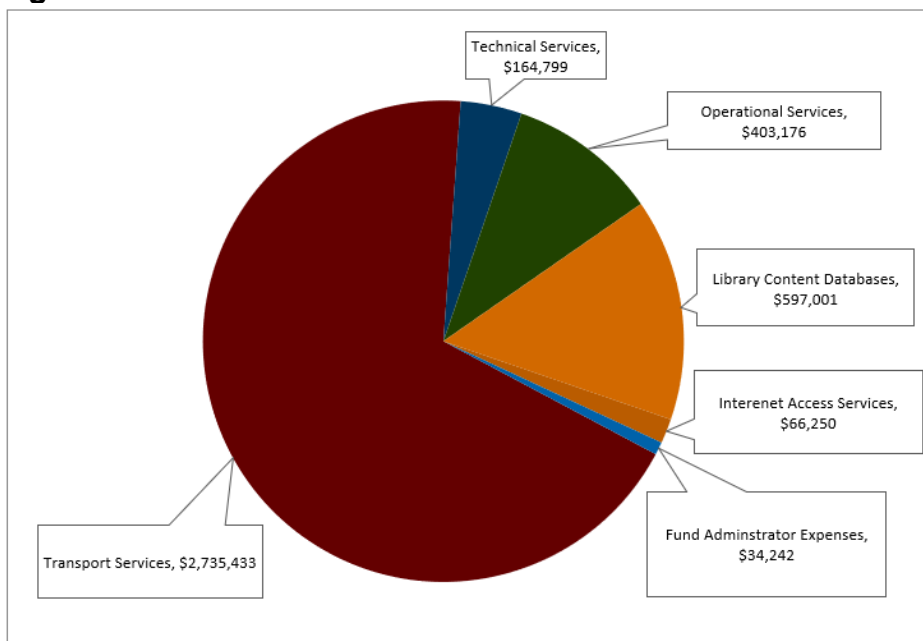
### **207 Area Code Exhaustion**

According to the NPA (Number Planning Area) exhaust projections, Maine could see the 207 Area Code exhausted by the fourth quarter of 2024. Currently, Alaska, Delaware, Hawaii, Montana, New Hampshire, North Dakota, Rhode Island, South Dakota, Vermont, Wyoming, and Maine have a single area code. When a state comes within two years of exhaust, that triggers immediate area code relief action which could include an overlay of a new area code or creating a geographic split of the state's dialing area. In 2020, the Commission opened an investigation to reclaim unused numbers from providers that could extend the life of the 207 Area Code longer. The Commission should know more by Fall 2021 when exhaust forecasts are released, and the full impact of the number reclamation process is understood.

### **Maine Telecommunications Education Access Fund (MTEAF)**

The Commission administers the MTEAF, which provides funding that allows Networkmaine (an entity within the University of Maine System) to operate the Maine School and Library Network (MSLN). The MSLN provides qualified schools and libraries in the State with high-speed Internet access, content databases, search capabilities, content filtering, and training. The MTEAF collects funds from voice network service providers operating in the State. The Commission uses an independent administrator to handle all administrative aspects of the Fund and approves the annual budget request. The budget filing describes the activities of the MSLN in meeting the broadband needs of schools and libraries over the preceding year, and proposes a spending level for the upcoming year, based on program needs. In 2020, the Commission approved a budget for the 2020/21 fiscal year of \$3.9 million. Figure 2 below provides more granular detail about where MTEAF funds are distributed.

**Figure 2 MTEAF**





## **Maine Universal Service Fund**

Pursuant to 35-A M.R.S. §7104 and Chapter 288, the Commission administers the Maine Universal Service Fund (MUSF), which encourages universal service and reasonable rates. The MUSF distributes approximately \$7.4 million annually to ensure that POLR service is available in all areas of the State at reasonable rates by providing support from the MUSF to eligible providers. POLR companies receiving support include Consolidated Communications of Maine Company, Cobbosseecontee Telephone & Telegraph Company, Hampden Telephone Company, Hartland & St. Albans Telephone Company, Island Telephone Company, Mid Maine Telecom, LLC, Somerset Telephone Company, Tidewater Telecom, Inc., Union River Telephone Company, UniTel, Warren Telephone Company, and West Penobscot Telephone Company.

The MUSF also provides support for the Telecommunications Relay Services (TRS), Communications Equipment Fund (CEF), Blind and Visually Impaired News Access Fund, and the Public Interest Payphone (PIP) program.

TRS allow deaf, hard-of-hearing and speech impaired persons to place and receive voice telephone calls with the assistance of a third-party intermediary. The Commission, by statute, must establish funding support for these services, including related outreach programs, within the MUSF<sup>5</sup> to ensure the affordability of TRS throughout the State.

The TRS Advisory Council (Council) implements the Maine TRS program as certified by the FCC. The Council submits an annual budget of projected costs to the Commission, not to exceed \$600,000, and the Commission transfers the funds quarterly to the Council Fund. In 2020, the Commission transferred \$275,548 from the MUSF to the Council as requested. The Council is also required to submit an annual report to the Commission by December 1.

Title 35-A M.R.S. § 7104(5) requires the Commission to transfer \$85,000 annually from the MUSF to the CEF, which is administered by the Bureau of Rehabilitation Services within the Department of Labor (the Bureau). The CEF is used by the Division of Deaf, Hard of Hearing and Late Deafened within the Bureau to purchase, lease, distribute, upgrade, install, maintain, repair, administer, and train on the use of specialized customer communications equipment for deaf, hard of hearing, late deafened or speech impaired persons and persons with disabilities. The Bureau may request an additional \$100,000 each year for the CEF if it does not receive adequate funds from federal or other sources. The Bureau has requested and received that additional funding from the MUSF for the past ten years.

In 2019, the Maine Legislature established the Blind and Visually Impaired News Access Fund pursuant to 35-A M.R.S. §7104(9), within the Maine State Library for access to a news service provided by a national federation for blind and visually impaired persons. The Commission shall annually transfer \$40,000 from the MUSF for this program.

The Commission oversees the installation of Public Interest Payphone (PIP) sites across Maine. There were no new requests for PIPs in 2020 and one request to remove an

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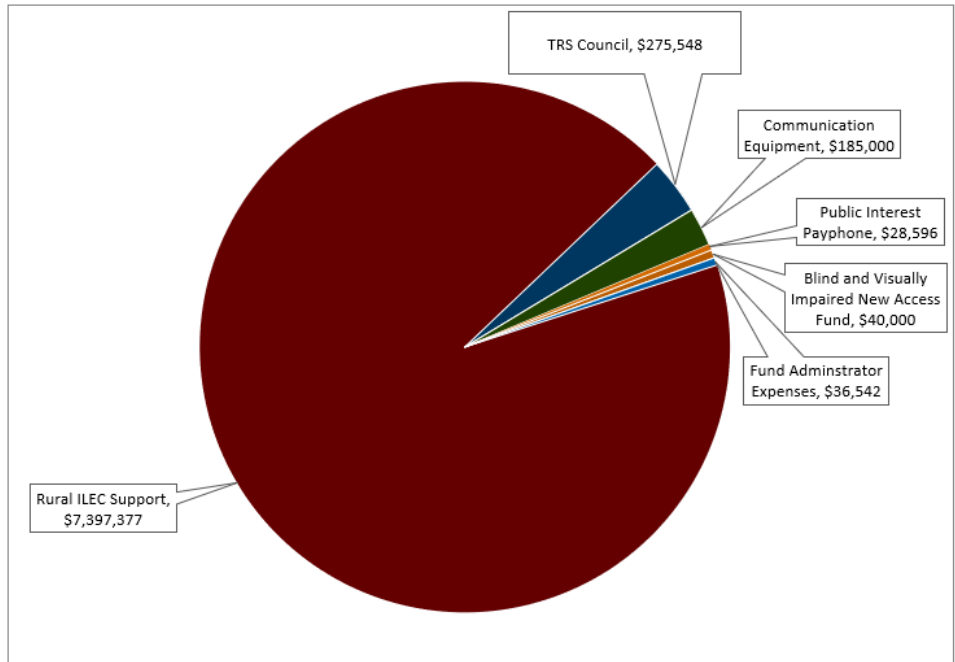
<sup>5</sup> 35-A M.R.S. § 7104(7)



underutilized PIP. The annual cost of the program, which currently includes 33 PIPs, is approximately \$28,000 and is funded by the Maine Universal Service Fund (MUSF).<sup>6</sup>

Figure 3 below provides more detail about where MUSF funds are distributed.

**Figure 3 MUSF**



**Lifeline**

The federal Lifeline program provides a monthly benefit to reduce or eliminate the cost of a monthly phone or Internet bill for those who qualify. Only one benefit is available per household and may be applied to either phone or Internet service. To participate, consumers must have an income at or below 135% of the federal poverty guidelines, or must participate in a qualifying state, federal or tribal assistance program. Consumers qualify for Lifeline if they, or a dependent, receives benefits from one of the following federal programs: Medicaid, Supplemental Nutrition Assistance Program, Supplemental Social Security Income, or Federal Public Housing Assistance. All ILECs participate in the Lifeline program, and several wireless carriers offer the federal Lifeline discount to eligible subscribers.

**Telephone Exemptions**

In accordance with statutory changes enacted by the 125<sup>th</sup> Maine Legislature, the Commission may grant exemptions from certain portions of Title 35-A to POLR service providers. The Commission received no requests for exemptions from POLR service providers in 2020.<sup>7</sup>

<sup>6</sup> The Commission is required to report on this information pursuant to 35-A M.R.S. § 7508(4).

<sup>7</sup> Pursuant to 35-A M.R.S. § 120(5), the Commission is required to report on this information in its annual report.



## 5. ELECTRIC

### THE ELECTRIC INDUSTRY IN MAINE<sup>8</sup>

There are two components of electricity service in Maine: **delivery** and **supply**. Delivery includes transmission, distribution and customer-related items such as metering and billing; supply includes the production and provision of electric energy and capacity. Delivery encompasses high-voltage transmission and lower-voltage distribution systems, including the construction, operation and maintenance of those facilities. Delivery is considered a monopoly service and is fully regulated. Supply is not considered a monopoly service and is provided by various entities operating in regional and state wholesale and retail markets with less regulation and oversight. At the retail level, consumers in Maine receive delivery service from a regulated transmission and distribution (T&D) utility, and supply service from a licensed competitive electricity provider (CEP).

T&D rates have three components: **transmission**, **distribution**, and **stranded costs**.

Transmission rates cover the cost of constructing and operating the transmission system in Maine, as well as costs allocated to Maine for regional pool transmission facilities (PTF), which are the high voltage transmission lines that serve as the backbone of the New England system. Transmission rates fall under the Federal Energy Regulatory Commission (FERC) jurisdiction and have increased significantly over the last 10 years for both CMP and Versant. For CMP and Versant's Bangor-Hydro District, these increases are due largely to major transmission system upgrades throughout New England. Under the ISO-NE tariff, costs of Pool Transmission Facilities (PTF) projects in New England are shared among all New England states in proportion to load, so that Maine customers pay 8%-9% of the cost of regional PTF projects regardless of where they are physically located. A significant factor in the recent increase in Versant's Maine Public District transmission rates is the loss of Houlton Water Company's load from the Maine Public District's transmission system.<sup>9</sup>

Distribution rates cover costs incurred by the T&D utility to construct and operate the local distribution system, as well as costs for customer-related activities such as metering and billing. Stranded costs include the few remaining net, above-market costs for generation obligations that utilities incurred prior to industry restructuring, including expenses associated with prior nuclear power arrangements.

Stranded costs also include more recent net costs from newer contracts authorized pursuant to specific statutory provisions, such as the long-term contracting statute (35-A M.R.S. § 3210-C), the Community-based Renewable Energy Pilot Program statute (35-A M.R.S. § 3601-3609), and unallocated language, Section A-6, of the Ocean Energy Act (Public Law

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<sup>8</sup> In addition to reporting on the electric industry, this section includes the Commission's Reports on Electric Restructuring required pursuant to 35-A M.R.S. § 3217, Electric Incentive Ratemaking required pursuant to 35-A M.R.S. § 3195(5) and Smart Grid Infrastructure pursuant to 35-A M.R.S. § 3143.

<sup>9</sup> Houlton Water Company transferred to taking service from the New Brunswick Power electric system in May 2020.



2009, c. 615). Stranded costs for CMP and Versant residential customers are currently negligible, ranging from a negative \$0.2 per kWh to \$0.1 per kWh.

Most of Maine is part of the regional bulk power and wholesale market systems that are operated and administered by the New England Independent System Operator (ISO-NE). The exception to this is northern Maine, which is not directly interconnected with the ISO-NE system. Northern Maine is interconnected to the New Brunswick Power system, and has its own system administrator, the Northern Maine Independent System Administrator (NMISA).

Electricity use by Maine consumers is currently about 12 million megawatt hours (MWh) per year, with a peak demand of about 2,000 MW. Maine is currently a net electricity exporter, with total nameplate generation capacity of in-state plants in the range of 4,500 MW.

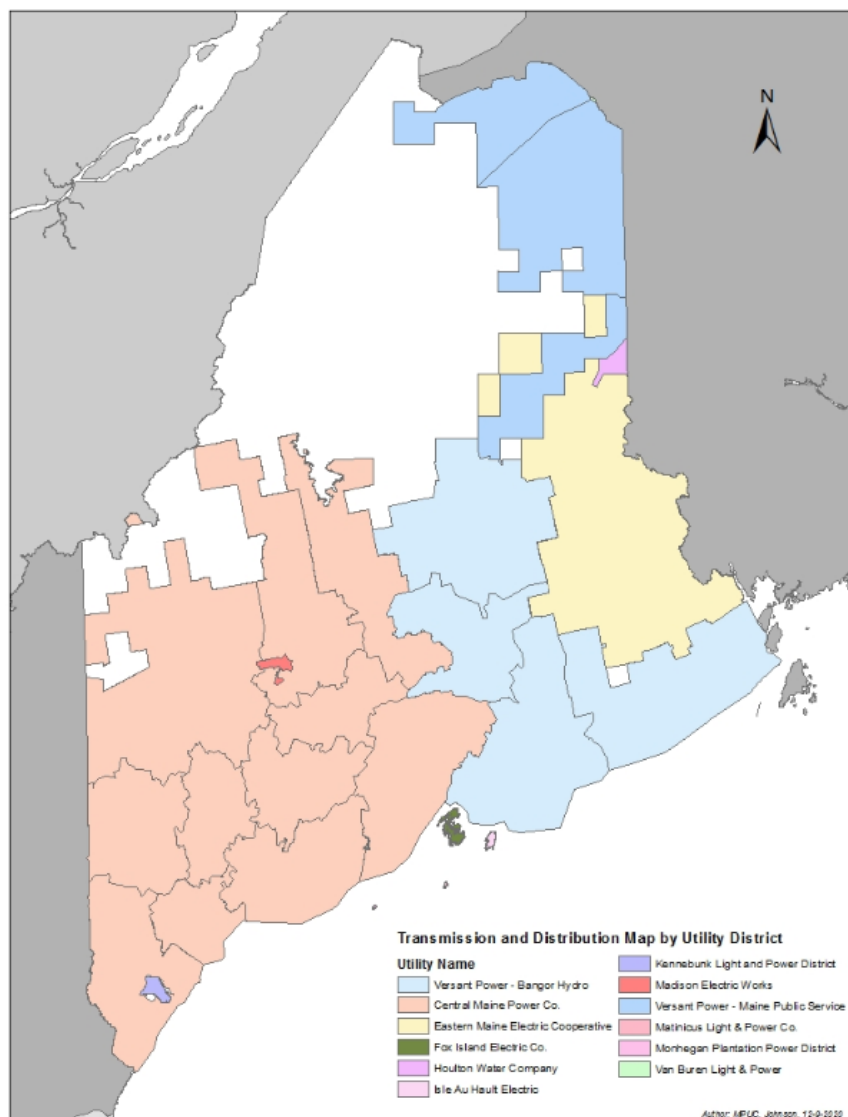
The Commission regulates the operations and rates of the Maine T&D utilities, except for transmission rates, which are regulated by the FERC. The Commission licenses retail electricity suppliers and marketers, and generally oversees the Maine retail market. The Commission also administers competitive procurement processes for standard offer service and administers other power supply procurement processes pursuant to specific statutory direction and authority. Finally, the Commission monitors regional wholesale markets and bulk power and transmission systems, including the ISO-NE and NMISA systems, and advocates for Maine consumers in regional forums and before FERC.

There are 12 T&D utilities in Maine: two investor-owned utilities (IOUs) and ten consumer-owned utilities (COUs). The IOUs, Central Maine Power Company (CMP) and Versant Power (formerly Emera Maine), serve about 95% of the total state load. Figure 4 below shows the geographic areas each utility serves.

There are approximately 260 licensed CEPs that supply about 46 percent of Maine's retail electricity. The remaining usage is supplied by the suppliers selected by the Commission to provide "default" service or "standard offer service".



**Figure 4 – T&D Service Areas**



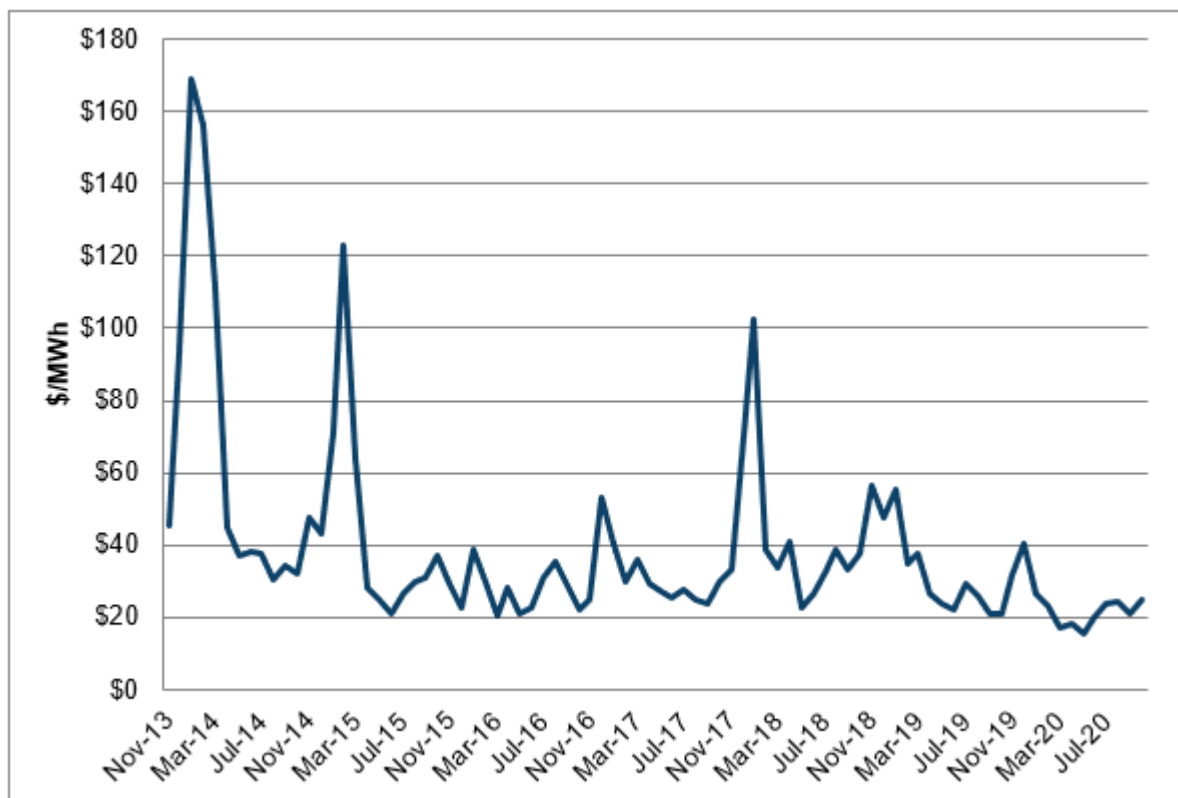
## **MARKET TRENDS AND CONSUMER PRICES**

### **Wholesale Energy Market**

Regional wholesale energy prices in the ISO-NE spot market during the 12-month period ending October 31, 2020 averaged \$23.79/MWh, which is about 29% lower than prices during the prior 12-month period. From December 2019 – February 2020, prices averaged \$30.13/MWh, which is about 58% lower than the prior winter period. Average wholesale energy prices in the ISO-NE spot market over the last several years are shown in Figure 5 below.



**Figure 5 - ISO-NE Day-Ahead Locational Marginal Prices (LMP); Average Monthly**



### **Wholesale Capacity Market**

In addition to energy, electricity supply prices include a component for capacity. Capacity prices are set for the ISO-NE region three years in advance of when they will be in effect through the Forward Capacity Auction processes administered by ISO-NE. During 2020, the effective capacity price on average for the year was \$6.02/kW-month. Capacity prices for calendar year 2021 are lower, averaging \$4.91/kW-month. The lower capacity prices for 2021 are a contributing factor to the decreases in standard offer prices that took effect on January 1, 2021.

### **Retail Supply Prices and Standard Offer Procurement**

Retail electricity supply prices were significantly lower in 2020 compared to 2019. The standard offer solicitation process conducted by the Commission at the end of 2019 resulted in electricity supply prices for calendar year 2020 of 7.3 cents/kWh for CMP residential and small business consumers, 6.9 cents/kWh for Versant Power – Bangor Hydro District residential and small business consumers and 6.7 cents/kWh for Versant Power—Maine Public District. In general, these prices were 19-20% lower than in 2019.

In November 2020, the Commission accepted bids and set new standard offer service prices for customers of CMP and Versant Power—Bangor Hydro District (BHD). The new prices became effective for a 12-month term beginning January 1, 2021 and are shown in Table 3 below.



These decreases do not apply to customers who purchase their own electricity supply in the market. Those who do not purchase electricity from a supplier of their choosing will receive Standard Offer Supply by default. Prices for large business customers in all service areas will be indexed to market prices and set in advance of each month.

**Table 3 – Standard Offer Prices 2021 Compared to 2020**

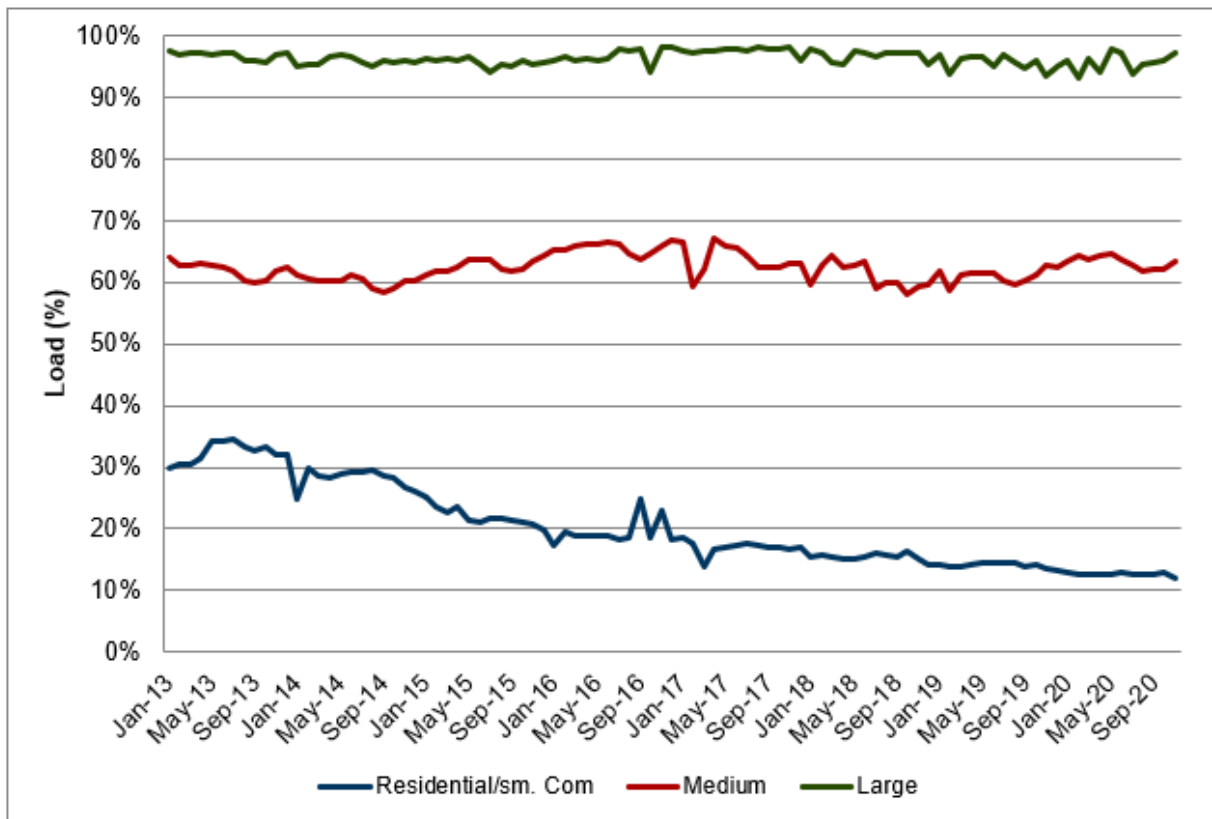
<b>Central Maine Power Company</b>	<b>2020</b>	<b>2021</b>	<b>% Decrease</b>
Residential/Small Business Standard Offer Supply Price	7.30 ¢/kWh	6.45 ¢/kWh	11.7%↓
Typical Residential Total Bill (assumes 550 kWh monthly usage)	\$91.38 /month	\$86.68 /month	5.1%↓
Medium Business Customers Annual Average Supply Price	7.00 ¢/kWh	6.160 ¢/kWh	12%↓
<b>Versant Power - Bangor Hydro District</b>			
Residential/Small Business Standard Offer Supply Price	6.88 ¢/kWh	6.21 ¢/kWh	10%↓
Typical Residential Total Bill (assumes 500 kWh monthly usage)	\$94.08 /month	\$90.66 /month	3.6%↓
Medium Business Customers Annual Average Supply Price	7.10 ¢/kWh	6.24 ¢/kWh	12%↓

### **Retail Supply Market Activity**

Since March 2000, consumers in Maine have had the option of selecting their electricity supply products and suppliers. For many years, there was a robust market throughout most of Maine for medium and large commercial and industrial (C&I) customers, but virtually none for residential and small commercial customers. Beginning in 2012, however, the percentage of residential and small commercial customers served by a CEP increased significantly, peaking at 35% in mid-2013. Since that time, the amount of residential and small commercial supply served by CEPs has declined gradually to its current level of about 12%. Figure 6 below shows the migration patterns by sector.



**Figure 6 – Load Served by Competitive Electric Providers, Jan. 2013 – Sept. 2020**



In 2020 retail competition remained weak in northern Maine due to its electrical isolation from a functional wholesale market. This isolation has hindered the retail market from developing in this part of the state since retail access began in 2000.

### **Utility Delivery Service Rates**

Delivery service rates include distribution, transmission, stranded cost, and Efficiency Maine Trust assessment components. Current retail rates for Maine residential consumers for all electric utilities in Maine are summarized in Table 4 below.



**Table 4 – Residential Electricity Rates**

# RESIDENTIAL ELECTRICITY RATES IN MAINE<sup>1</sup>

	% of State Residential Load	kWh	Delivery Rate			Standard Offer Rate ¢/kWh	Total Rate ¢/kWh
			T&D ¢/kWh	Stranded Cost ¢/kWh	Total Delivery ¢/kWh		
INVESTOR-OWNED UTILITIES							
Central Maine Power	78.2%	3,616,793,824	9.3	0.1	9.4	6.4	15.8 ¢/kWh
Versant Power - BHD	13.8%	639,905,091	10.8	-0.2	10.6	6.2	16.8 ¢/kWh
Versant Power - MPD	4.2%	194,466,683	9.1	0.1	9.2	6.0	15.3 ¢/kWh
COOPERATIVES & MUNICIPAL-OWNED UTILITIES							
Eastern Maine Electric Cooperative	1.2%	56,493,342	10.0	N/A	10.0	6.7	16.7 ¢/kWh
Houlton	0.7%	31,512,030	3.8	N/A	3.8	6.7	10.5 ¢/kWh
Van Buren	0.2%	7,661,675	3.7	N/A	3.7	6.8	10.5 ¢/kWh
Kennebunk Light & Power	1.1%	50,482,233	Rate components not readily available				14.1 ¢/kWh
Madison Electric Works	0.4%	17,242,606	3.7	N/A	3.7	12.4	16.1 ¢/kWh
Matinicus	0.0%	212,399	Exempt from Standard Offer requirements				49.7 ¢/kWh
Monhegan	0.0%	348,430	Exempt from Standard Offer requirements				70.0 ¢/kWh
Fox Island	0.2%	6,936,875	20.5	N/A	20.5	10.7	31.2 ¢/kWh
Isle au Haut	0.0%	155,289	Rate components not readily available				46.4 ¢/kWh
STATE AVERAGE	100.0%	4,622,210,477					15.9 ¢/kWh

1. Central Maine Power, Versant Power - Bangor Hydro District and Versant Power - Maine Public District information based on residential rates as of 1/1/21. Consumer-owned utilities' information based on 2019 annual reports (filed in 2020). Rate components not readily available for some consumer-owned utilities.

Figure 7 below compares the residential electric rate components for CMP and the Versant territories as of January 1, 2021.

**Figure 7 – Current Residential Electricity Rate Components**

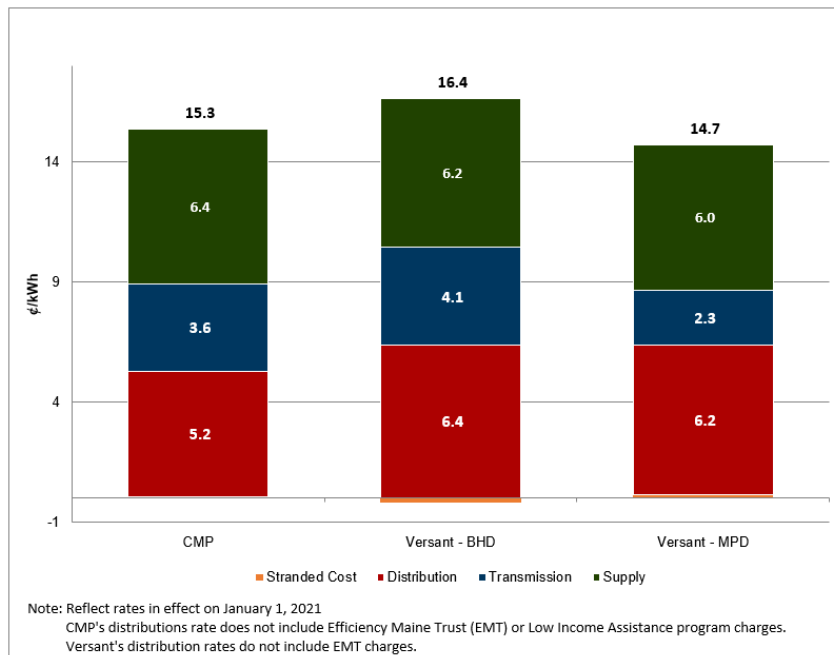
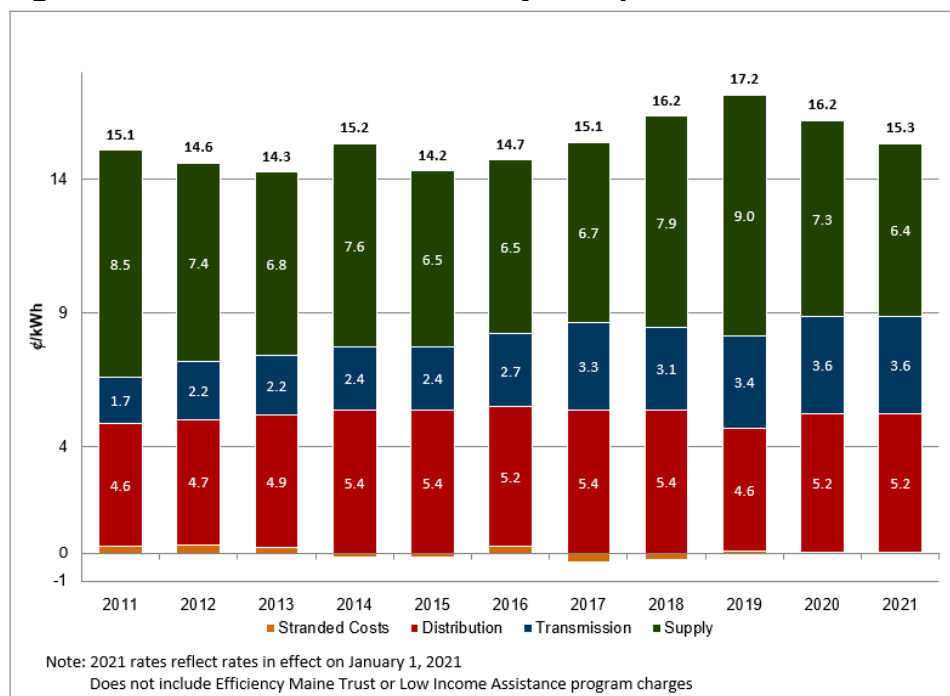




Figure 8 provides a year-by-year price comparison by component for CMP residential customers. In total, rates have decreased significantly the last two years due to decreases in the standard offer component. Over the 11-year period shown in Figure 8, distribution rates have been relatively stable, while transmission rates have been increasing.

**Figure 8 – CMP Historical Prices by Component**



## **MAJOR CASES, ISSUES AND PROCEEDINGS**

### **Pandemic**

On March 16, 2020 the Commission, through its Director of the Consumer Assistance and Safety Division, directed that all electric transmission and distribution utilities, natural gas utilities, water utilities, and telephone POLR service not engage in any disconnection activity until further notice due to the pandemic and the State of Civil Emergency declared by Governor Janet Mills. This included the issuance of disconnection notices and service disconnections for all classes of customers.

These actions were taken pursuant to the Emergency Moratorium provisions contained in the Commission’s consumer protection rules: Chapter 815, section 3; Chapter 660, section 3; and Chapter 290, section 4.

The Commission ended the moratorium on November 1, 2020, allowing utilities to recommence normal disconnection activities, subject to all applicable Commission rules (including limitations during the winter disconnection period for residential customers of electric and natural gas utilities), subject to a 30-day notice requirement. Utilities must offer reasonable payment arrangements on arrearages and waive new late-payment charges when a customer enters a payment arrangement and continue the waiver as long as the customer remains in compliance with that arrangement. Continuing the blanket moratorium



indefinitely could prevent some utility customers from accessing federal CARES Act funds to help them with their bills and could drive up costs for all utility customers over the long term.

For electric and natural gas utilities, the effect of the ruling meant that no residential customer could be disconnected without Commission approval from November 1, 2020 through April 15, 2021.

On April 28, 2020 the Commission began seeking input from utility customers, businesses, utilities and other interested stakeholders on the impacts of the pandemic, including customers' ability to pay utility bills and federal resources available for customers and utilities. The Commission noted the effect of closed businesses and other economic challenges on utilities accounts receivable and the potential for significant future rate adjustments from these circumstances.

The Commission is also looking at new federal legislation or changes in federal regulations or policies that are intended to 1) assist customers in managing their utility bills under these circumstances, and 2) assist utilities with their ongoing operations and obligations under these circumstances. In May 2020, utilities were asked to provide monthly accounts receivable reports. In June, an Expanded Notice of Investigation was issued, changing the reporting to every other month and requesting additional information, including mitigation steps taken by the utilities to prevent the spread of Covid-19 and impact on workforce.

### **CMP's Revenue Decoupling Mechanism (RDM)**

In June 2020, the Commission opened an investigation into whether, due to the effects of the coronavirus pandemic on customers' electricity-usage patterns, Central Maine Power Company's (CMP) revenue-decoupling mechanism should be suspended for the annual distribution rate change that will occur July 1, 2021 for electricity delivered in calendar year 2020.

Revenue decoupling is a ratemaking tool that reduces the dependence of a utility's revenues on its kilowatt-hour (kWh) and kilowatt (kW) sales, thus making the utility less exposed to the effects of fluctuations in electricity consumption from year to year on its revenues. The benefits of revenue decoupling include reducing financial risk for the utility and mitigating disincentives that a utility might otherwise have to support energy-efficiency measures. Typically, with revenue decoupling, if kWh sales are higher than expected, rates will decrease to compensate for the increase in revenue; if kWh sales are lower than expected, rates will increase to make up for the revenue shortfall.

On December 15, 2020, the Commission ruled that, going forward, CMP's RDM shall be simplified by collapsing the two RDM classes into one, except that, with the July 1, 2021 price change, the removal of prior-year RDM adjustments shall continue to be on a class-specific basis. The Commission also ruled that by January 31, 2021, CMP shall submit, as a compliance filing, its estimate of the July 1, 2021 RDM adjustment for the combined classes.

### **CMP Billing, Metering and Customer Communications Investigations**

On January 30, 2020 the Commission issued major decisions in CMP's metering and billing case, requiring a dramatic change in how CMP treats its customers, including an earnings disallowance of at least \$10 million that is among the largest ever for an electric utility. The



Commission found serious problems with CMPs customer service functions, particularly with its call center from 2016 to 2019.

The Commission found no pervasive, systemwide problem with CMP's metering and billing system causing erroneous high usage on customer bills and determined the high bills to be related to weather conditions. The Commission did find that CMP imprudently implemented its billing software, known as SmartCare.

The Commission ordered CMP to do the following, at its own cost: (a) conduct additional testing of SmartCare and remedy all remaining defects under third-party oversight; (b) establish an independent process to investigate and resolve open customer complaints about high usage; (c) report monthly on the status of closing out open defects in SmartCare; (d) submit a comprehensive plan for managing the ongoing maintenance of the SmartCare system; and (e) hire an independent third-party to monitor and evaluate call center performance.

The Commission also ordered a substantial reduction to CMPs return on common equity of 100 basis points, which represents a minimum of nearly \$10 million in earnings reduction. This disallowance will only be lifted when CMP meets the benchmarks for all service-quality metrics for at least 18 consecutive months and formally demonstrates to the Commission that problems have been solved. This disallowance is the largest ever imposed by the Commission on a transmission and distribution utility due to poor management.

Remaining high usage complaints were addressed on an individual basis, and if necessary, cases were referred for an independent energy audit. Billing errors that occurred due to the poor implementation of CMPs billing system were addressed.

The Commission ordered CMP to issue \$358,600 in credits to CMP customers who are on the Electricity Lifeline Program (ELP) due to a billing defect. In total, CMP customers who reported and filed complaints from November 1, 2017 through December 31, 2019 have received more than \$5 million in credits and refunds from CMP. Any customer who has experienced a billing error that has been verified has been made whole.

On August 4, 2020, the Commission ordered CMP to pay \$500,000 as an administrative penalty for violation of the winter-disconnection provisions of the Commission's consumer protection rule. The penalty was disbursed as a bill credit in an equal amount to the utility accounts of each CMP customer participating in the ELP during the 2019–2020 ELP year. The amount of the credit is \$500,000 divided by the number of ELP participants during that year, which ended September 2020. CMP was ordered to apply the bill credits to these customers' accounts beginning in October 2020 and complete the task no later than November 30, 2020.

### **CMP Rate Case**

The Commission opened an investigation into CMP's rates after a group of customers filed a complaint alleging that CMP was earning unduly high returns. Through this investigation, two major topics—CMP's revenue requirement and its customer service—have been intensely evaluated.



The Commission weighed testimony from numerous customers and stakeholders, acknowledging frustration over billing and service problems and ultimately ordering a modest rate increase but requiring CMP to invest in customer service and reliability. The approved increase is less than half the amount CMP requested and will result in a 2% increase on an average residential monthly bill.

The Commission ordered that CMP must adhere to new service quality indices related to customer service calls and billing accuracy for 18-months, file a proposal for hiring a third party with expertise in call-center operations and credit and collections to review the Company's quality-assurance/quality-control policies and procedures, and make recommendations to improve its storm recovery cost mechanism. The Commission also ordered an audit of the management structure of CMP and its affiliated service companies, Avangrid Management Company and Avangrid Services Company. This report is expected to be filed soon and will be available at <https://www.maine.gov/mpuc/online/index.shtml>.

As a result of these Orders and added accountability, CMP estimates an impact of more than \$27 million. The Commission believes its Orders will increase accountability and provide specific incentives for real change that will contribute to better customer service and more affordable, reliable electric service, a basic necessity for Maine residents. Should service and reliability not improve, the Commission is prepared to take immediate action.

### **Versant Power/Enmax Acquisition**

In March 2020, the Commission approved the reorganization in which ENMAX, acting through its wholly owned, indirect subsidiary, ENMAX US Holdings, would acquire all outstanding common stock of BHE Holdings Inc., which is the direct parent company of Emera Maine.

After a year of negotiations, a Revised Stipulation was issued to ensure the reorganization resulted in a "net benefit" to customers, as required by law. The benefits are both quantitative and qualitative and include, but are not limited to: (1) \$13.1 million shareholder-funded rate relief; (2) a distribution rate case stay out, and the potential benefits for transmission customers related to a delay in recovery of lost revenue upon the departure of HWC; (3) incentives for reliability and customer-service improvements through the SQI metrics and associated penalty mechanisms; (4) a commitment to maintain and increase the Company's community investments; and (5) numerous financial, managerial, operational, and structural commitments, including the governance and financial ringfencing provisions and commitments to maintain local control.

The reorganization will not directly result in a rate increase for Versant Power's (formerly Emera Maine) ratepayers, and the Revised Stipulation includes provisions intended to maintain local control of the utility's management and operations. The Revised Stipulation is designed to provide meaningful and long-term net benefits to Versant's customers, is reasonable, and is in the public interest.

### **Regional Greenhouse Gas Initiative (RGGI) Disbursements**

In March 2020, Maine received \$2.54 million dollars through the 47th auction of carbon dioxide (CO<sub>2</sub>) emission allowances traded and in June 2020, Maine received \$2.59 million dollars through the 48th auction of carbon dioxide (CO<sub>2</sub>) emission allowances. The results of



these auctions were announced by the Regional Greenhouse Gas Initiative (RGGI), a cap and trade program that reduces CO2 emissions from power plants generating more than 25 megawatts. Ten New England and Mid-Atlantic states participate in the program, which generates revenue for each state. Cumulatively through 2020, Maine has received just over \$116.4 million from the sale of carbon allowances through this market-based cap and trade program. Revenues from the program go primarily to the Efficiency Maine Trust (EMT) where they are used to finance energy efficiency programs. However, in recent years, pursuant to An Act To Reduce Electric Rates for Maine's Businesses (2016 Act) P.L. 2015, ch. 498 (codified in relevant part at 35-A M.R.S. § 10109(3-A)), a portion of the revenues have been allocated to "affected customers", which are large, energy-intensive manufacturers in Maine.

Participating states limit or "cap" CO2 emissions from power plants to reduce air pollution. Companies then purchase allowances at auction that permit them to emit only so many millions of tons of CO2 gas from power plants generating more than 25 megawatts of electricity.

### **Renewable Energy Procurement**

The Commission approved 17 renewable energy projects in September for long-term contracts as required by the Maine Legislature.

Facilities eligible for these contracts were required by the Legislature to qualify for Maine's Class 1A Renewable Portfolio Standards. Projects were selected through a competitive process conducted by the Commission and evaluated based on the expected value they will provide to Maine consumers and the State's economy. The projects are all located in Maine and represent solar, wind, hydro-electric, and biomass projects.

The first-year prices for energy from the new projects receiving an award are very competitive, ranging between 2.9-4 cents per kWh and the projects are expected to provide substantial benefits to the Maine economy by creating jobs and making significant local investments.

Based on estimates from project bidders, these projects would reduce greenhouse gas emissions by approximately 500,000 tons per year. In addition, bidders have committed to providing the following economic benefits to the state: More than 450 full-time equivalent jobs during the construction phase and more than 30 full-time equivalent jobs in each year of the operations phase; Initial capital spending with Maine-based entities of more than \$145 million; Purchases of goods and services from Maine-based entities averaging more than \$3 million annually during the 20-year contract term; Payments of taxes to Maine entities and payments to host communities averaging \$4.7 million annually during the 20-year contract term; and Payments to Maine-based contractors for the harvest of wood fuel averaging \$11-12 million annually during the 20-year contract term.

A second solicitation process was initiated on January 15, 2021.

### **Net Energy Billing**

During its 2019 session, the Legislature enacted An Act To Promote Solar Energy



Projects and Distributed Generation Resources in Maine, Public Law 2019, Chapter 478 (Act). Part A of the Act, now codified at 35-A M.R.S. §§ 3209-A, 3209-B, made substantial changes to Maine's Net Energy Billing (NEB) program.

These changes include:

- Increasing the maximum capacity of eligible NEB facilities from 660 KW to less than 5MW;
- eliminating any limit on the number of meters or accounts that can be associated with an eligible facility (the prior limit was 10 meters or accounts); and
- adding a "commercial and institutional" category of NEB (referred to as Tariff Rate NEB).

Section A-6 of the Act contains a provision requiring the Commission to evaluate the effectiveness of the net energy billing program in achieving state policy goals and providing benefits to ratepayers when the State reaches 10% of the total maximum load and submit a report to the Legislature. Upon notice that the 10% threshold had been met, the Commission initiated its evaluation of the NEB program.

The Commission considered the following State policy goals relevant to the NEB program: a) Resource Diversity (RPS Standard); b) Solar Generation Encouragement; c) Climate Change; d) Oil Dependence Reduction and e) Beneficial Electrification. Also, as required by the Act, the Commission examined potential electricity rate impacts resulting from the NEB program.

In a November report to the legislature, the Commission concluded that energy goals of increasing resource diversity through renewable resource generation, the promotion of solar generation and addressing climate change are promoted to a significant degree by the NEB program. The Commission also concluded that the current NEB program will result in substantial increases in electric rates. Such rate increase might have a negative impact on the State policies of promoting beneficial electrification and reducing oil dependence.

### **Distributed Generation Procurement**

On February 28, 2020, the Commission issued its Procurement Announcement for Block 1 of distributed renewable generation projects pursuant to the "Act To Promote Solar Energy Projects and Distributed Generation Resources in Maine" (P.L. 2019, Chapter 478 (Act)). As directed by the Act, this solicitation was to be the first in a series of five that would collectively obtain a total of 375 megawatts (MW) from renewable generation projects, each less than 5 MW in size.

On August 28, 2020, the Commission issued an Order finding that this first procurement was not competitive pursuant to the standards set forth in the Act, Chapter 312 of the Commission's rules, and the Commission's Procurement Announcement.

The Commission based its decision on:

- The significant level of attrition in the number of bidders and projects that occurred during each stage of the procurement;



- The observed bid prices and bidding behavior, as well as the ultimate clearing price of greater than 19 cents per kWh, which indicated that the Block 1 bidding did not reflect cost-based bids; and
- Accepting excessively high prices to set the clearing price for Block 1 would drive the results of the remaining four rounds of distributed generation procurement and result in significant costs to ratepayers.

The Act requires that, if no bids are accepted under the first solicitation, the Commission will conduct a new competitive procurement within nine months and study the reasons for the inability of the procurement to secure the target amount and submit a report of its findings and any recommended legislation to the Legislature.

In November, the Commission provided the following recommendations for the Legislature to consider for improving the competitiveness of future solicitations:

- Consider modifying the uniform clearing auction structure of the procurement to an alternative structure that promotes bids reflective of actual project costs and does not tie procurement pricing to that of preceding blocks;
- Consider replacing the requirement for the project sponsor to have obtained all federal, state, and local approvals and permits with a requirement that the project sponsor has submitted completed applications for all such approvals; and
- Consider making it explicit that projects that need ISO-NE I.3.9 approval prior to interconnecting may bid if they have an otherwise unconditional executed interconnection agreement.

## **Electricity Maine**

In April 2020, the Commission, Office of the Public Advocate (OPA) and Electricity Maine (EME) began negotiating solutions to address the door-to-door sales issues identified in early 2018, when numerous complaints and inquiries were received by the Commission.

In November 2020, a stipulation was reached that comprehensively addresses the door-to-door marketing compliance issues. In the stipulation, EME agreed to:

- Withdraw permanently from door-to-door solicitation in Maine
- Withdraw from outbound telemarketing of Maine consumers for one year
- Notify customers with contracts that originated from a door-to-door solicitation of this enforcement proceeding and afford them the opportunity to transfer their supply service to standard offer service without a termination fee
- Enter into a comprehensive sales compliance plan with the MPUC and OPA that contains significant penalties for non-compliance
- Pay a \$500,000 administrative penalty, the maximum jurisdictional amount, to be disbursed in the Commission's discretion pursuant to 35-A M.R.S. § 117(3)
- Contribute \$150,000 into a fund to be administered by the OPA in consultation with the Commission staff for the purpose of educating residential customers about electric industry restructuring, retail access and similar issues related to electricity supply

On January 5, 2020, the Commission rejected the stipulation filed by EME and the OPA because the Commission concluded that the stipulation does not satisfy the Commission's regulatory



standards for approving stipulations. The Commission, therefore, directed the parties to file exceptions to the pending Examiners' Report which are expected in late January.

## **REGIONAL MATTERS**

The Commission participates in electricity-related regional and national matters in four ways. First, the Commission participates directly in electricity market rule development and transmission system and reliability planning at the regional stakeholder meetings of the Regional Transmission Operator (RTO), ISO-NE, and participates as a party in proceedings at the FERC. Second, the Commission may join with other state commissions in participating in federal advocacy, either through the National Association of Regulatory Utility Commissioners (NARUC) or the New England Conference of Public Utility Commissioners (NECPUC). Third, the Commission Chairman currently represents Maine on the New England States Committee on Electricity (NESCOE), an organization established by FERC order to advise and advocate on behalf of the six New England states in RTO issues. NESCOE is funded through the ISO-NE tariff. Finally, individual commissioners participate in regional and national activities (such as the Regional Greenhouse Gas Initiative) and various committees of NARUC that may have an impact on utilities or utility customers in Maine. The Chairman serves on the RGGI Board of Directors and its Executive Committee. Summarized below are the major regional matters that the Commission was involved in during 2020.

### **Forward Capacity Market (FCM)**

The 14<sup>th</sup> ISO-NE forward capacity auction (FCA 14) conducted in February 2019 acquired 33,956 megawatts (MW) for the 2023-2024 capacity year. The auction clearing price dropped from \$3.80/kw-month to \$2.00/kw-month, the lowest since the capacity market started. The combination of fewer megawatts and lowered prices reduced capacity costs to consumers in New England by \$813 million for the 2023 – 2024 capacity year. This represents a savings to Maine customers of more than \$65 million.

### **Fuel Security**

In February of 2018, ISO-NE filed its Operational Fuel Security Analysis (OFSA) at FERC in a FERC investigation of grid resilience (Docket No. AD18-7-000). In May of 2018, ISO-NE also made a filing at FERC seeking to retain two generating stations in the Forward Capacity Market and their LNG supply facility in the Boston area. FERC permitted the ISO to extend a two-year cost-of-service contract to retain the generators, but also directed ISO-NE to develop and file market rule changes to address fuel security challenges. ISO-NE and electricity market stakeholders were extensively engaged in the development of ISO-NE's "Energy Security Improvements" from April 2019 through April 2020 when the program rules were filed. Through NESCOE, the Commission joined with all five of the other New England states to protest the ISO filing and the estimated \$187 to \$466 million per year it would have added to wholesale market costs. On October 30, the FERC issued its Order rejecting the ISO proposal finding that, "the ESI proposal is unjust and unreasonable because it would impose substantial costs on consumers without meaningfully improving fuel security." ISO is currently seeking guidance from the FERC as to whether it is required to propose some other remedy to its fuel security concerns.



## **The Future Grid**

The retirement of aging fossil and nuclear-fueled power plants, rapidly advancing and commercialization of renewable generation and energy storage technologies, and aggressive low-to-no carbon public policies are spurring a nation-wide reexamination of the electric power industry. This is especially true in New England where Maine's Governor joined four other New England governors in calling for a revised partnership with ISO-New England to help advance State policies. The Governors' Statement is available at:

([http://nescoe.com/wp-content/uploads/2020/10/Electricity\\_System\\_Reform\\_GovStatement\\_14Oct2020.pdf](http://nescoe.com/wp-content/uploads/2020/10/Electricity_System_Reform_GovStatement_14Oct2020.pdf)).

The Governors' statement was followed closely by a more detailed "Vision Statement" by NESCOE, which calls for significant changes in three core segments of our shared energy system: Wholesale Electricity Market Design, Transmission System Planning, and ISO-NE Governance. It also commits the states to a public process to inform the development of proposals related to the core segments.

Read the Vision Statement at this link:

([http://nescoe.com/wpcontent/uploads/2020/10/NESCOE\\_Vision\\_Statement\\_Oct2020.pdf](http://nescoe.com/wpcontent/uploads/2020/10/NESCOE_Vision_Statement_Oct2020.pdf)).

Finally, ISO-NE and the NEPOOL stakeholders are involved in an in-depth examination of electricity market rules and transmission planning. The Commission is extensively involved in each of these efforts.

## **ELECTRIC RESTRUCTURING ACTIVITY IN OTHER STATES**

The Restructuring Act directs the Commission to report activities in other states associated with changes in the regulation of electric utilities. Fully implemented restructured markets remain primarily concentrated in the northeast and mid-Atlantic states. State-by-state data are provided at this link:

[http://www.eia.gov/electricity/policies/restructuring/restructure\\_elect.html](http://www.eia.gov/electricity/policies/restructuring/restructure_elect.html)

## **RENEWABLE PORTFOLIO STANDARD (RPS)**

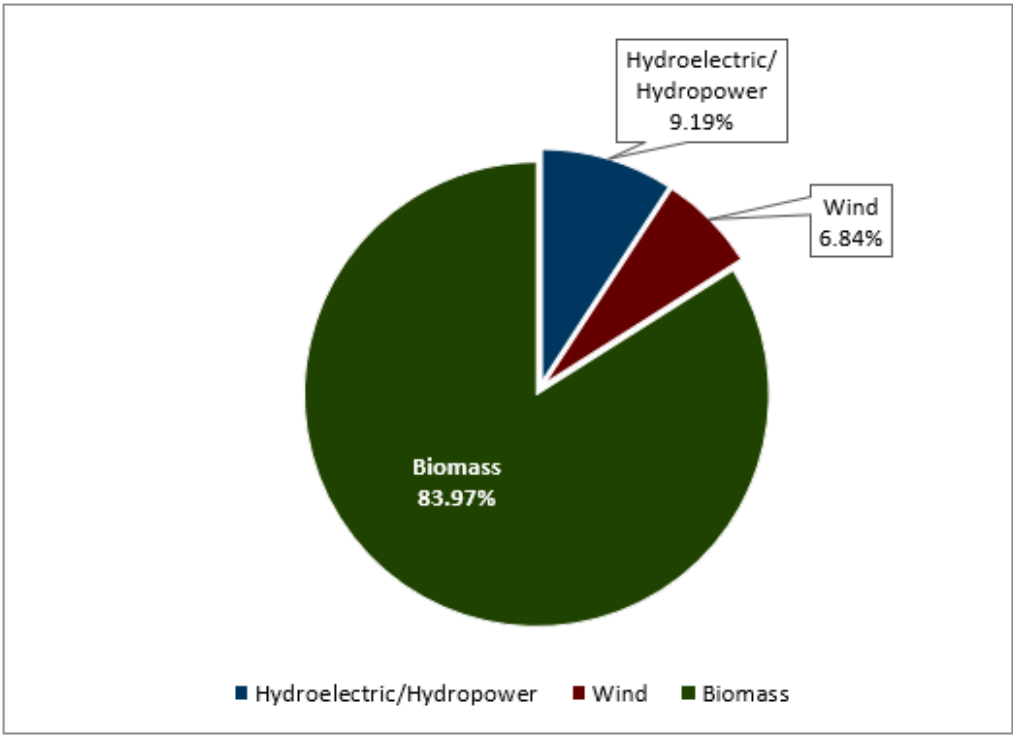
Several changes to Maine's renewable portfolio requirements were made in 2019, which included creating a new Class IA renewable resource portfolio requirement, a new thermal renewable energy resource requirement and applying a 300% multiplier to the output of generators fueled by municipal solid waste in conjunction with recycling in Class II. The Commission conducted a rulemaking proceeding in 2019 and adopted the changes that were routine technical changes in late 2019. The Class II 300% multiplier provision was a major substantive change and required legislative approval under 5 M.R.S. §§ 8071-8072. In compliance with these provisions, the Commission submitted the provisionally adopted rule to the Legislature for approval. On March 17, 2020, Resolve, Regarding Legislative Review of Portions of Chapter 311: Portfolio Requirement, a Major Substantive Rule of the Public Utilities Commission, became effective.

On August 4, 2020, the Commission opened a rulemaking proceeding (Docket No. 2020-00212) and issued proposed changes to Chapter 311 to implement the new thermal energy credit portfolio requirement. A public hearing was held on August 31, 2020, written comments were due August 26, 2020 and September 11, 2020. On November 13, the Commission adopted the amendments to the rule regarding thermal energy credits.



Figure 9 provides the resource mix used by suppliers to meet the Class 1 RPS in 2019.

**Figure 9 – Class I RPS**



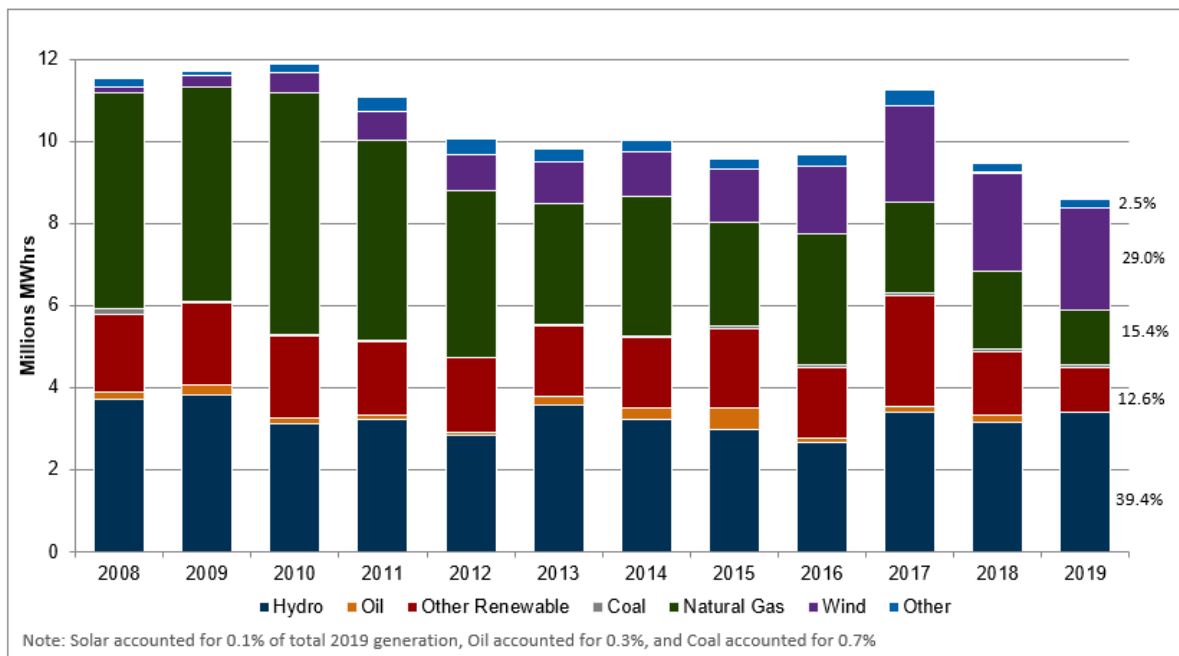
**In-State Generation Resources -**

There is approximately 4,500 MW of generating capacity located in Maine. Much of the energy produced by these plants is in excess of Maine’s demand and, thus, serves load in other states in the region. A complete list of generating plants in Maine is available through:

ISO-NE: [http://www.iso-ne.com/genrtion\\_resrcs/snl\\_clmd\\_cap/index.html](http://www.iso-ne.com/genrtion_resrcs/snl_clmd_cap/index.html)  
NMISA: <http://www.nmisa.com/>



**Figure 10 – Electricity Generation by Fuel**



The fuel sources of electricity produced in Maine in 2019 (the most recent year for which EIA data is available) are shown in Figure 10 above. About 81.1% of electricity produced in Maine in 2019 came from renewable resources, slightly more than the 74.9% in 2018.

### **RATE ADJUSTMENT MECHANISMS**

The Commission is authorized by statute<sup>10</sup> to adopt rate adjustment mechanisms, such as multi-year rate plans and the decoupling of utility profits from utility sales through revenue reconciliation. The statute requires the Commission to report any significant developments with respect to action or proposed action in this area as part of its annual report.

CMP is operating under a rate adjustment mechanism through which its rates are adjusted annually through a revenue decoupling mechanism and a provision to reflect costs associated with significant weather events. These rate adjustment mechanisms were approved by the Commission in June 2016. In the pending CMP rate case discussed above, the Commission is considering potential changes to certain provisions of CMP's rate adjustment mechanism. Versant is not operating under a rate adjustment mechanism and its rates are set through the traditional ratemaking process.

<sup>10</sup> 35-A M.R.S. § 3195



## 6. NATURAL GAS

### THE NATURAL GAS INDUSTRY IN MAINE

Natural gas service in Maine is comprised of delivery and supply service. Local delivery service is provided by Maine local distribution companies (LDCs) at rates and terms regulated by the Commission. Interstate pipeline companies provide transportation of natural gas from supply producing regions, such as Canada and the Marcellus Shale, at rates and terms regulated by the FERC. Natural gas supply is provided for some customers by an LDC and for others by non-utility suppliers or marketers.<sup>11</sup> Prices for supply from the LDCs are set by Commission-approved cost-of-gas charges, which reflect the actual costs incurred by an LDC for natural gas as well as for upstream transportation and storage arrangements. The supply prices of non-utility suppliers and marketers are not regulated.

The Commission also regulates sales, acquisitions or mergers among corporations owning LDCs doing business in the State. In addition, the Commission oversees the safety aspects of LDC operations and facilities and certain propane facilities (See Section 8). Finally, in areas of the natural gas industry where federal agencies have jurisdiction over issues that affect Maine consumers, the Commission actively monitors federal proceedings and participates as warranted.

There are four natural gas LDCs authorized to provide service in Maine. Northern Utilities, Inc. d/b/a Unitil (Northern) serves customers in the south-central Maine area, primarily in greater Portland/South Portland/Westbrook, greater Lewiston/Auburn, Biddeford/Saco and Kittery. Maine Natural Gas Corporation serves customers in the Windham, Gorham, Brunswick, Freeport, Bath, Topsham and Augusta areas. Bangor Gas Company, LLC serves customers in the greater Bangor area. Summit Natural Gas of Maine (SNG-Maine or Summit) serves customers in the Kennebec Valley area as well as in the municipalities of Yarmouth, Cumberland and Falmouth.

Table 5 below provides a summary of how many customers each LDC has served over a period of four years. The chart is based on the average number of customers during each year.

**Table 5 - Natural Gas LDC Customers**

Company	2016	2017	2018	2019
Bangor Natural Gas	6,003	6,260	6,505	6,899
Maine Natural Gas	4,485	4,645	4,831	5,003
Summit Natural Gas	2,579	3,136	3,504	3,545
Northern Utilities	31,209	31,633	32,199	32,871
<b>Total</b>	<b>44,276</b>	<b>45,674</b>	<b>47,039</b>	<b>48,318</b>

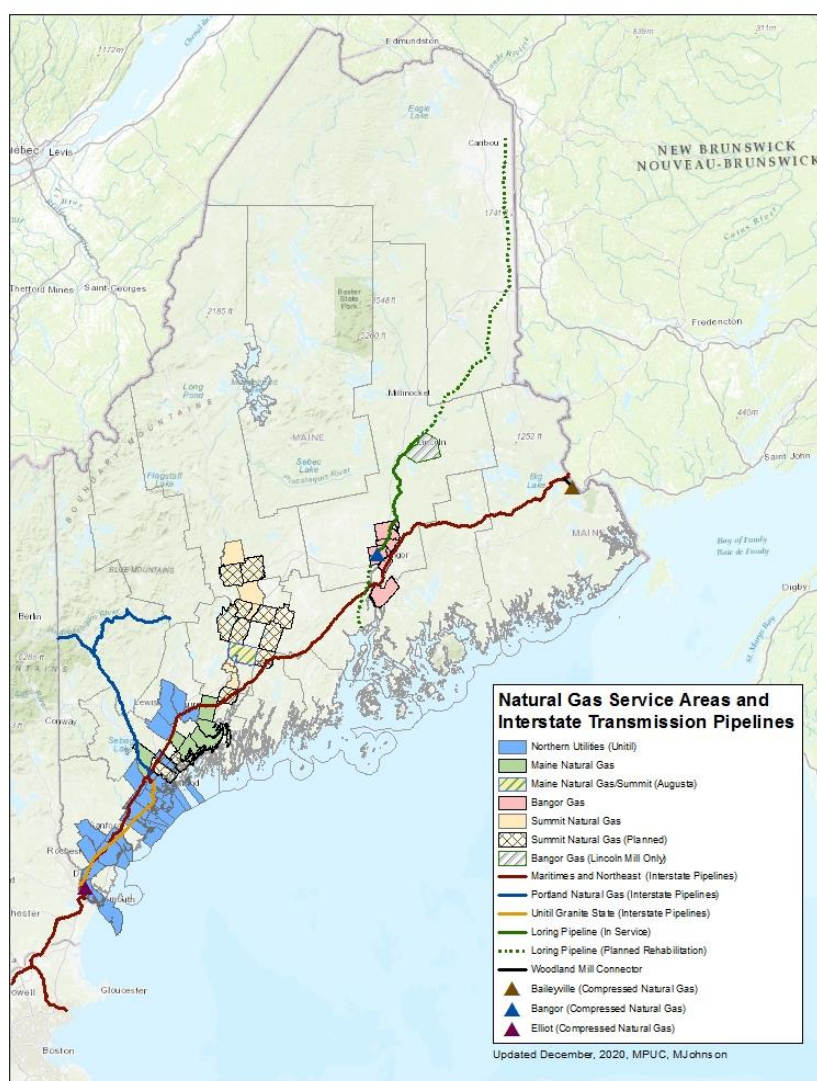
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<sup>11</sup> Business customers have the option of purchasing their gas supply from a non-LDC supplier or marketer.



There are three FERC jurisdictional interstate pipelines with facilities located in Maine: Maritimes & Northeast Pipeline, Portland Natural Gas Transmission System (PNGTS), and Granite State Gas Transmission, an affiliate of Northern. Figure 11 below provides a map of the LDC service areas and interstate pipelines located in Maine.

**Figure 11-Natural Gas Pipelines and LDC Service Areas**



## **MARKET TRENDS AND CONSUMER PRICES**

In past years, New England wholesale natural gas prices have been volatile and have deviated significantly from the rest of the country, particularly during cold winter weather. While these constraints still cause some volatility in New England wholesale market prices, the more recent wholesale natural gas market prices in New England have been relatively lower and more stable. Table 6 below provides the current average retail residential natural gas rates for each of the four Maine LDCs, and a comparison to rates a year ago.



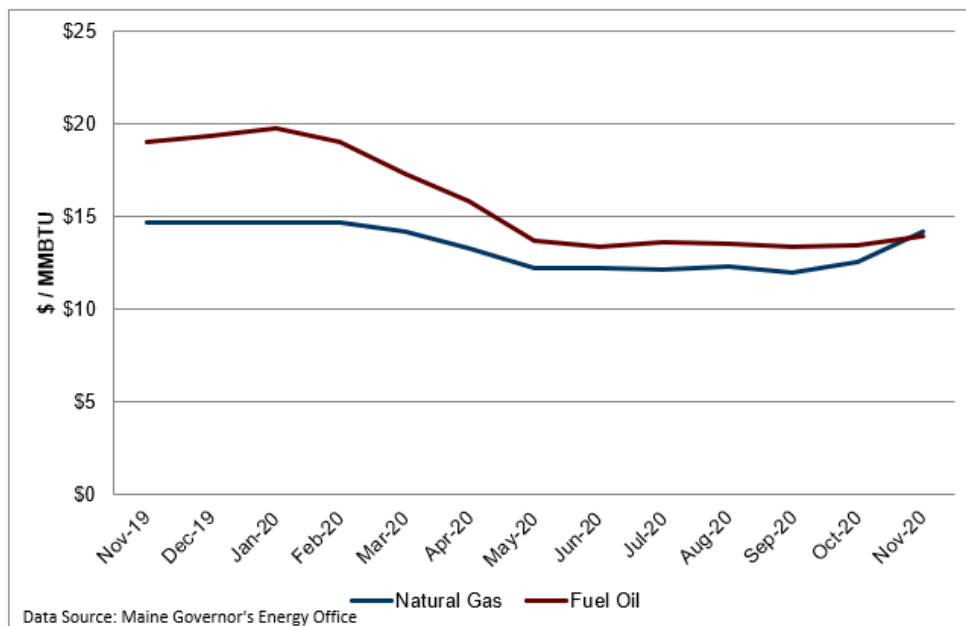
**Table 6 – Comparison of LDC Residential Rates**

Local Distribution Company	2019 Rates (\$/dth)*			% Change from 2018*
	Distribution Rate	Cost of Gas Rate	Total Rate	
Bangor Natural Gas Company	\$4.44	\$7.50	\$11.95	-4%
Maine Natural Gas Company	\$8.40	\$9.00	\$17.41	3%
Summit Natural Gas	\$12.81	\$9.08	\$21.89	8%
Northern Utilities	\$8.21	\$7.30	\$15.51	0%

\* From LDC Annual Reports filed with MPUC.

Figure 12 below provides a comparison of natural gas and home heating oil prices from November 2019 through November 2020.

**Figure 12 – Prices in Maine, Home Heating Oil vs. Natural Gas Delivered to the Home**



## **MAJOR CASES, ISSUES AND PROCEEDINGS**

### **Northern Utilities Proposed Rate Increase**

The Commission approved an annual base-rate revenue requirement for Northern Utilities, Inc. d/b/a Unitil of \$50,038,57, effective April 1, 2020. This is an increase of \$3,605,412, or 7.8%, over the test-year revenues. Northern had requested a 15% increase. For an average residential heating service customer, the approved increase equates to a 3.5% increase in the average monthly bill.

### **Northern Utilities CIS Audit**



As part of Northern Utilities rate case, the Commission ordered a third-party audit to examine the prudence of the expenditures incurred in the implementation of a new customer information system (CIS). The costs of the audit will be paid by the Company with a possible allocation of some or all those costs to ratepayers depending on the outcome of the audit and investigation, which is currently underway.

### **Northern Utilities Natural Gas Supply Procurement Audit**

The Commission selected the Liberty Consulting Group to conduct an examination of the natural gas supply procurement and management protocols and practices of Northern Utilities, Inc. d/b/a Unitil to ensure that the Company is procuring and managing gas supply resources in a manner that is prudent and reasonable.

In January 2020, Liberty delivered the report and presented its findings in April 2020. The audit focused on six areas: 1. Organization, Staffing and Controls 2. Gas Supply Planning and Forecasting 3. Gas Supply Procurement 4. Gas Supply Management 5. Measurement and Balancing, and 6. Price Risk Management. The report identified areas for improvement as well as strengths, but overall concluded that Northern's practices were reasonable. The Commission intends to have similar audits conducted for the other Maine LDCs.

### **Summit Natural Gas Reorganization**

In May 2019, Summit Natural Gas filed for approval of a reorganization, for Summit Utilities, Inc., its parent company, to form NewCo, which will develop, construct, and operate an anaerobic digestion facility in Clinton, Maine. The facility would produce pipeline-quality renewable natural gas using manure obtained from Maine dairy farms as feedstock for a digester. By statute, the reorganization must provide a net benefit to customers.

After settlement discussions between Summit, the OPA and the Commission, the reorganization was approved in a 2020 Stipulation that includes several conditions intended to ensure that the transactions do not harm ratepayers and are in the public interest.

## **35-A M.R.S. § 4706 REQUIRED REPORTING**

### **Alternative Rate-Making Mechanisms**

The Commission is authorized by statute<sup>12</sup> to adopt alternative ratemaking mechanisms for gas utilities "to promote efficiency in operations, create appropriate financial incentives, promote rate stability and promote equitable cost recovery." In particular, the Commission may adopt multi-year ratemaking plans with mechanisms for future rate changes, reconcile costs and revenue, index revenues or rate changes, establish financial incentives, streamline regulation or deregulate services when not required to protect the public interest, approve rate flexibility programs and modify cost-of-gas adjustment requirements. The Commission must report any significant developments with respect to action or proposed action by the Commission in its annual report.

In 2016, the Commission approved alternative rate plans for Augusta and Non-Augusta customers of Maine Natural Gas. Summit Natural Gas Company and Bangor Natural Gas

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<sup>12</sup> 35-A M.R.S. § 4706



Company continue to operate pursuant to previously established multi-year rate plans. There were no significant developments with respect to these rate plans during 2020.

**Low-Income Assistance Programs**

Section 4706-B requires the Commission to report on low-income assistance programs offered by LDCs. In 2020, Northern Utilities continued to provide a discount of 30% of total service charges to low-income residential customers. Maine Natural Gas and Bangor Gas continued to provide qualifying, low income customers with a 28% discount on delivery charges (excluding the cost of gas). Summit Natural Gas continued to offer higher levels of conversion incentives to low-income residential customers.



## 7. EFFICIENCY MAINE TRUST

Pursuant to the Efficiency Maine Trust Act (Act), the Commission plays a role in overseeing the triennial plans and efficiency programs administered by the Efficiency Maine Trust (Trust).<sup>13</sup> The Legislature modified this oversight role during its 2019 session, and thus the Commission's review of the Trust's triennial plan and programs in 2020 applied the updated legislative standards. (Public Law 2019, c. 313 (emergency, effective June 17, 2019), An Act to Clarify Certain Standards for the Efficiency Maine Trust's Triennial Plan and Public Law 2019, c. 306, An Act to Transform Maine's Heat Pump Market to Advance Economic Security and Climate Objectives). For example, where the Act previously directed the Commission to convene an adjudicatory proceeding to review the Trust's determination of cost-effectiveness, the applicable discount rate, and avoided costs, these determinations will now be made pursuant to the standards set forth in the Act or otherwise by the Trust.<sup>14</sup>

The Trust is currently implementing its fourth triennial plan, which the Commission approved in accordance with the legislative standards referenced above by orders dated May 24, 2019, June 25, 2019, and December 11, 2019. (Docket 2018-00321). Thereafter, by orders dated April 15, 2020 and June 10, 2020, the Commission approved several significant changes to the plan, including changes to allow the Trust to fund cost-effective, custom, natural gas conservation projects, to fund conservation measures in a way that more accurately reflects the participation rate of low-income customers, and to make adjustments related to the COVID-19 pandemic.

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<sup>13</sup> 35-A M.R.S. §§ 10101-10123

<sup>14</sup> 35-A M.R.S. §§ 10104(4)(A), 10110(4-A), 10111(2)



## 8. GAS SAFETY

### GAS SAFETY REGULATION AND ENFORCEMENT IN MAINE

The Commission regulates natural gas service reliability and ensures compliance with safety standards for 1,347 miles of natural gas distribution mains, 84 miles of intra-state transmission pipelines (including the five-mile private pipeline operated by Woodland Pulp, LLC), and 38,250 services. These facilities were in service throughout Maine as of December 31, 2019, as noted in the operators' annual reports to the U.S. Department of Transportation's Pipeline and Hazardous Material Safety Administration (PHMSA) filed March 15, 2020. In addition, the Commission enforces safety standards for approximately 600 Liquid Propane Gas (LPG) distribution facilities that provide LPG service to multi-unit housing complexes, commercial buildings and other facilities where LPG system failures would likely impact large numbers of people.

The Commission derives its authority for safety oversight from both state and federal laws. Chapters 420 and 421 of the Commission's rules adopt federal safety regulations for pipelines that transport hazardous gases to protect the public and govern the safe operation of distribution and intrastate transmission facilities within the State.

The Commission is also a certified agent for PHMSA. In this role, the Commission ensures that intrastate natural gas transmission and distribution systems comply with federal pipeline safety standards and corresponding state regulations through operator inspections. Additionally, the Commission investigates natural gas safety incidents and pursues enforcement actions for violations of the federal or state safety regulations.

PHMSA conducts annual evaluations of the pipeline safety programs for all states which have agency certification. PHMSA's 2020 evaluation, for calendar year 2019, resulted in a perfect score of 100% for the Commission's pipeline safety program. This is the sixth year in a row that Maine's program has received a perfect score. Even though the program received a perfect score, the staff strives to improve the program based on feedback provided by the PHMSA evaluations.

PHMSA requires that each certified state actively participate in the National Association of Pipeline Safety Representatives (NAPSR). The Commission's Gas Safety Manager served a three-year term as NAPSR's Treasurer, and as Secretary, Vice-Chair, Chair, and Past Chair from 2016 through 2020. In addition, all State and Federal Pipeline Safety Inspectors are required to complete an extensive training program at PHMSA's Training and Qualification Center in Oklahoma City. One of the Commission's Gas Pipeline Safety Inspectors is an Associate Instructor in the Welding and Welding Inspection Course.

In 2020 the gas safety staff spent 255 inspection person days conducting 281 individual inspections and compliance audits of LPG and natural gas facilities (see explanation of "inspection person days" in the footnote to Table 7 below). The purpose of the inspections and audits were to determine whether operators complied with the design, construction, operating, and maintenance requirements of the Commission's safety regulations.



Approximately 67 inspections involved LPG facilities and 212 inspections involved natural gas facilities.

Table 7 below shows the various types of inspections completed by the gas safety staff over the past five years.

**Table 7 – Inspection Data**

<b>Inspection Type – Natural Gas</b>	<b>Inspection Person Days*</b>				
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Operating Procedures & Records	19.5	46.5	46	32	32
Construction & Related Records	85	88	77	102	74
Integrity Management Programs	8	1	3	8	10
Operator Qualification Programs	14.5	25	19	12	16.5
Accident or Incident Investigations	3	1	N/A	N/A	1
Damage Prevention	8	7.5	8	1.5	4.5
Public Awareness Programs	6.5	4.5	7	1.5	6
Drug & Alcohol Testing Programs	1.5	1.5	8	1	1.5
Compliance Follow-Up	15.5	19.5	24	17	32
Operator Training	10	5.5	4	0.5	2
<b>Inspection Type - Propane</b>					
Procedures & Records	47.5	43	46	36	27
Operator Qualification Programs	N/A	N/A	1	N/A	3
Accident or Incident Investigations	N/A	N/A	3	N/A	1.5
Integrity Management Programs	N/A	N/A	N/A	N/A	N/A
Damage Prevention	N/A	N/A	N/A	1	1
Compliance Follow-Up	10.5	5	17	7.5	15.5
Operator Training	5	3	3	1	3
# of Facilities Inspected (not Inspection Person Days)	159	143	149	106	94
*An “inspection person day” is defined by PHMSA as all or part of a day spent by pipeline safety staff in on-site evaluation of an operator’s system to determine compliance with Federal or State pipeline safety regulations; or in on-site investigation of a pipeline incident; or in training of an operator.					

Many of the LPG inspections conducted in 2020 resulted in operators taking some required corrective actions to bring their facilities into compliance. Most of these corrective actions were handled through informal proceedings, without notices of probable violations (NOPVs) or civil penalties. However, one NOPV was issued to an LPG operator in 2020 for failure to follow procedures related to corrosion control maintenance and ensuring qualified personnel were performing covered tasks. The penalty was \$5,000.

Inspections of natural gas operators also resulted in several required corrective actions which were handled through informal proceedings. No NOPVs were issued in 2020.



## 2020 Construction

The four natural gas utilities in Maine added a total of 33.3 miles of new mains and 1,245 new services. A breakdown, by utility, is shown in Table 8.

**Table 8 - 2020 Natural Gas Expansion**

Utility	Mains (miles)		Number of Services	
	Added in 2020	Total Installed	Added in 2020	Total Installed
Bangor Natural Gas	9.6	328.5	344	6,628
Maine Natural Gas	6.6	224.9	153	4,910
Summit Natural Gas of Maine	11.4	223.7	340	4,668
Unitil (Northern Utilities)	5.7	603.1	408	23,289
<b>Totals:</b>	<b>33.3</b>	<b>1,380.2</b>	<b>1,245</b>	<b>39,495</b>

The expansion information in Table 8 for 2020 (mains and services) was provided to Commission staff by each utility. Total mains and services were calculated by adding each utility's stated 2020 expansion to the length of main and services they reported in their Gas Distribution System Annual Report to the Pipeline and Hazardous Materials Safety Administration for Calendar Year 2019.

### Cast Iron and Bare Steel Replacement Program

In 2010, the Commission approved a 14-year replacement program for Northern Utilities' cast iron and bare steel facilities. The program is intended to improve the safety of the system, as well as increase its capacity to serve customers in the Portland area.

In 2020, Northern retired 4.20 miles of cast iron main, 0.94 miles of bare/unprotected steel or wrought iron main, and 1.17 miles of plastic pipe on its low-pressure system. The cumulative project totals are now: 36.47 miles of cast iron retired, 10.97 miles of bare/unprotected steel retired, and 9.75 miles of plastic pipe retired.

At the beginning of the project, in 2010, approximately 70 miles of cast iron and 10.1 miles of bare steel mains were identified for replacement. Since the project's start, an additional 2.5 miles of bare steel was discovered, bringing the new total to 12.6 miles of bare steel to be replaced. In 2021, Northern expects to retire an additional 9.16 miles of cast iron and bare/unprotected steel or wrought iron mains.



## 9. DIG SAFE

### **UNDERGROUND FACILITY DAMAGE PREVENTION AND ENFORCEMENT**

The Damage Prevention section of the Consumer Assistance and Safety Division (CASD) is charged with enforcing Maine’s underground facilities damage prevention law, called “the Dig Safe Law” (23 M.R.S. § 3360-A). This law is intended to prevent damage to underground utility facilities such as gas lines, water lines, or underground telecommunications and electric cables resulting from excavation.

Under the Dig Safe Law and the Commission’s rule implementing the law, Chapter 895, any person or company planning to excavate near underground facilities must follow certain safety procedures and must notify facility owners of the planned excavation. Most facility operators, such as large utilities, can be notified using the Dig Safe System. Excavators can access the Dig Safe System online at [www.digsafe.com](http://www.digsafe.com), or by calling 1-800-DIGSAFE or 811. Excavators must also notify facility operators who are not members of the Dig Safe System, such as municipalities and smaller utilities. To help excavators identify the non-member operators that own underground facilities near their intended excavation site, the Commission maintains the OKTODIG program, a database of non-member operators. Excavators can access this program by calling 1-800 OKTODIG or online at [www.oktodig.com](http://www.oktodig.com). Once informed of a pending excavation, utilities have an obligation to locate and mark their underground facilities in accordance with the Dig Safe Law so that excavators will be sufficiently aware of their location when they dig.

Violations of the Dig Safe Law and Chapter 895 must be reported to the Commission, which then investigates the incident and determines the appropriate enforcement action, if any. To increase awareness of the Dig Safe law and Chapter 895, the Commission performs regular training programs at its offices and on-site training at the request of excavators or facility operators. The Commission also provides public education materials on its website to improve awareness among private property owners of the importance of preventing damage to underground facilities.

In 2017, the U.S. Department of Transportation’s Pipeline and Hazardous Material Safety Administration (PHMSA) began evaluating States’ damage prevention programs to determine whether each State adequately enforces its damage prevention laws and regulations. A finding of “inadequate” enforcement by PHMSA could result in PHMSA enforcement of Federal Damage Prevention standards in that state and the state losing a portion of its Gas Safety Program funding. PHMSA completed its review of Maine’s Damage Prevention Program in July of 2020, with the Program receiving a perfect score for the second consecutive year.

### **INDUSTRY TRENDS**

A review of Table 9 below shows that the overall number of damage incidents experienced in 2020 was the same as in 2019, with most incidents involving telecommunications facilities. This figure also includes some miscellaneous incidents which is why the subcategories do not add to the total.



The Commission conducts an on-site investigation for each incident as soon as possible, in many cases on the same day, to determine the cause of the incident and to assess the risks to people and underground facilities. Based on this investigation, the Commission determines any appropriate response to the incident, such as training or the assessment of a financial penalty for the violator.

**Table 9 – Summary of Dig Safe Activity**

<b>Metric</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Reported Total Incidents	432	300	349	349
Reported Electric Incidents	114	59	74	47
Reported Gas Incidents	72	62	60	39
Reported Telecom Incidents	110	110	80	88
Reported Water Incidents	42	22	45	30
Reported Sewer Incidents	15	10	13	30
Reported CATV Incidents	41	49	44	36
Excavator Violations	100	73	61	74
Operator Violations	101	85	78	118
Penalties Assessed	\$168,800	\$272,500	\$180,000	\$245,000
Penalties Waived with Training	\$42,000	\$27,500	\$20,500	\$42,000
Penalties Not Waived	\$126,800	\$245,000	\$151,500	\$203,000

### **Public Awareness, Training and Education**

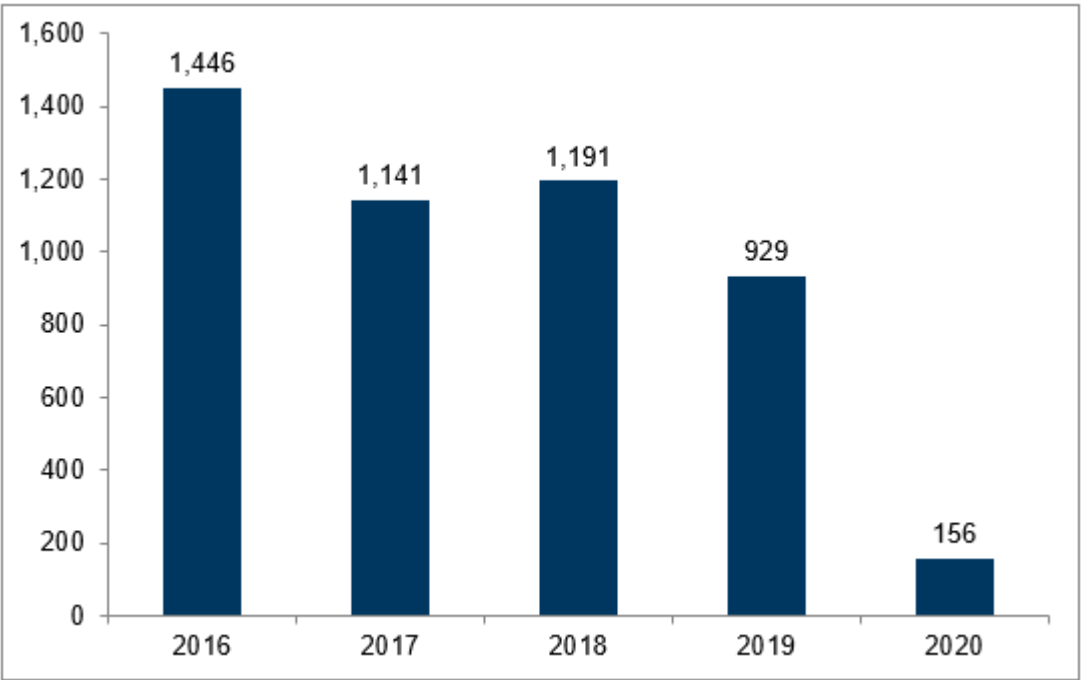
The Commission continues to strongly support and promote education and training about how to reduce and prevent damage incidents involving underground facilities and ensure the safety of residents and property located near those facilities. Maine's Underground Damage Prevention Rule (Chapter 895) allows the Commission to require an excavator or member operator who has violated the rule to attend an educational training program. Often, this training is offered in lieu of a financial penalty. In addition, the Commission encourages excavators and operators to periodically attend training sessions to ensure that they are up to date on the most recent technological and regulatory developments relating to underground facilities damage prevention.

The Commission also works with and supports training offered by the New England Committee of Managing Underground Safety Training (MUST), which includes Maine Dig Safe members, excavating contractors and underground facility location workers. Due to the Covid-19 pandemic, MUST suspended its 2020 training sessions.

The Commission also suspended training sessions in mid-March of 2020 due to the Covid-19 pandemic. Between January and March, the Commission sponsored seven certification and/or informational training sessions at various businesses, organizations, trade shows and at the Commission with 156 participants. In the past five years, the Commission and MUST trained just under 5,000 people on how to reduce and prevent damage incidents involving underground facilities as detailed in Figure 13 below.



**Figure 13 - People trained by the Commission**





# 10. WATER AND WATERBORNE TRANSPORTATION

## **THE WATER INDUSTRY IN MAINE**

The 152 water utilities in Maine include both investor and consumer-owned organizations. Consumer-owned water utilities are water departments or districts, which are municipal or quasi-municipal entities governed by municipal officials or elected or appointed boards of trustees. Water utilities, whether investor-owned or consumer-owned, are created by private and special laws (charters) enacted by the Legislature. These charters establish corporate (territorial) limits, grant powers, define authority and responsibilities and specify other provisions and criteria which govern the administration and operation of the water utility.

The Commission is charged with oversight of the rates and services of water utilities. In 2020, the Commission received 90 new water cases as compared to 66 in 2019. A variety of cases were processed by the Commission, including rate cases, issue of securities, revisions of non-rate-related terms and conditions, infrastructure surcharge filings, and other requests.

The Department of Health and Human Services' Drinking Water Program regulates water quality through the administration of the Federal Safe Drinking Water Act. The Department of Environmental Protection also oversees some water utility issues such as regulations protecting water sources.

## **KEY EVENTS**

### **2020 Drought**

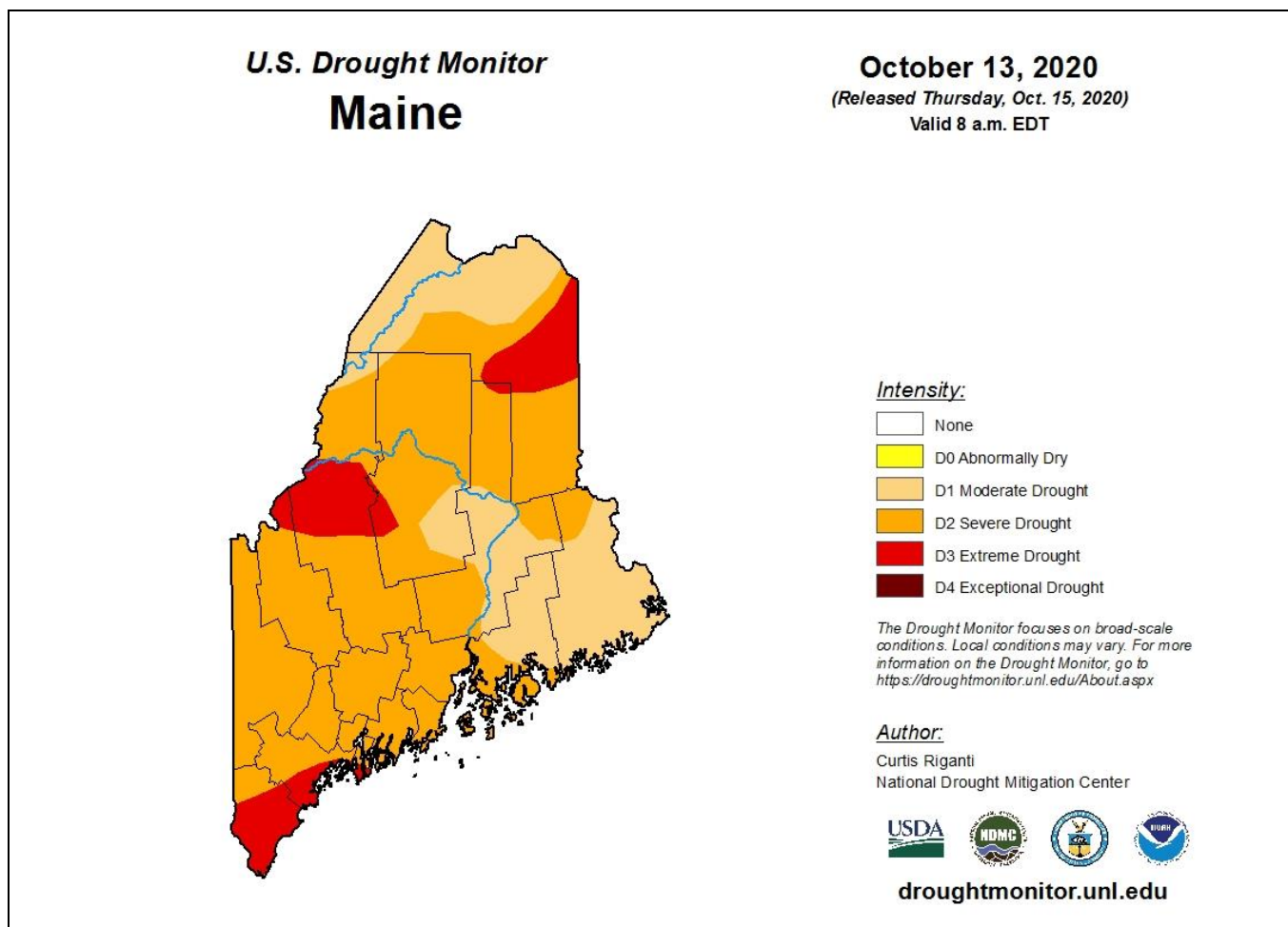
In 2020 Maine experienced its third significant drought in the last twenty years. The months of May and June, normally very wet months, included record low precipitation and record high temperatures across most of the state. July, August and September were also very dry and warm. Sections of York and Aroostook counties were particularly affected as even sporadic summer showers failed to deliver appreciable amounts of rain. The combination of warmer-than-normal temperatures and the lack of precipitation resulted in many rivers, streams, lakes and ponds in Maine experiencing record-low water levels. Groundwater, usually recharged by spring rains, also saw lower-than-normal water levels in many parts of Maine. As shown on the map below from the U.S. Drought Monitor, by mid-October all of Maine was experiencing drought conditions and about 75 percent was in either severe or extreme drought.

The Commission initiated a survey to help monitor the effects of the drought on water utilities. Maine's water utilities, especially those in southern, coastal and far northern areas reported lower water levels than normal. A few implemented voluntary conservation measures on non-essential activities like watering lawns and gardens, washing cars or topping off swimming pools to conserve their limited supplies.

Over the past 20 years, water utilities have been preparing for the likelihood of more frequent droughts by developing redundant sources and making interconnections with neighboring utilities, when possible. During the six-month drought in 2020, no Maine water utility completely exhausted its sources. Although there are more opportunities for Maine's water



utilities to better prepare for future droughts and the effects of climate change, the drought of 2020 demonstrated that significant efforts have already been undertaken to make Maine's water supplies more resilient and ensure a safe and adequate supply for Maine citizens. By January 2021, the State had mostly recovered from the drought, with only small portions of the state remaining in the abnormally dry category according to the U.S. Drought Monitor.



### Bingham Water District

The Commission was notified of operational problems with the Bingham Water District, including allegations of improper billing of customers and a lack of funds to operate the district or pay loan obligations to the Maine Bond Bank and the federal Rural Development agency.

An investigation was opened in March. Following the initial investigation, the Commission issued a "Show Cause" order in September requesting that the trustees of the district demonstrate why the Commission shouldn't order their removal and replacement. The trustees chose to resign. The Town of Bingham immediately appointed temporary trustees who then hired the Maine Rural Water Association to assist with running the district and implementing proper accounting and billing procedures. An election was held in November and the three temporary appointments were duly elected as trustees. The district began renegotiating their loans to avoid default. The Commission will continue its investigation and



receive regular updates to ensure the appropriate operation of the district and that customers are properly billed.

### **Water Utility Impacts from COVID-19 Pandemic**

The Commission initiated an inquiry regarding potential impacts on water utilities from the COVID-19 pandemic in April of 2020. Water utilities faced reduced revenues from lower demand as the Governor ordered closures of non-essential commercial businesses, schools, restaurants, bars and retail facilities. Additionally, the Commission initiated a moratorium on disconnections for non-payment of utility bills further impacting water utility's ability to collect revenue.

The Commission inquiry requested that water utilities summarize the impacts on operational requirements due to the pandemic and restrictions placed on staff, including required social distancing and staff time missed from quarantining after potential exposure. The inquiry demonstrated that Maine's water utilities responded very well to difficult circumstances. They adjusted the way they handled operational requirements by splitting up crews to limit potential exposure, implemented rigorous requirements for entering a customer's building and established protocols for sanitizing service vehicles and equipment.

Reduced revenue from required closures was partially offset by increased demand from residential customers as many people began working from home and children participated in remote learning. Many customers fell behind on payments while the moratorium on disconnections was in effect. Water utilities began working with customers to establish payment arrangements to get them caught up after the moratorium was lifted in November. The Commission continues to monitor impacts of the pandemic on water utilities.

## **INDUSTRY TRENDS**

### **Increased Burden of Capital Expenditures**

Water utilities, in Maine and the Nation, have confronted the pending need to replace water infrastructure that is at or will soon reach the end of its useful life. Much of the infrastructure currently used to deliver water service flows through pipes that were installed in response to growth and economic development in the late 1800s through the post-World War II period. A significant portion of system components, including piping, are becoming antiquated at approximately the same time.

The Maine Drinking Water Program estimates that over the next 20 years, an investment of approximately \$1.3 billion is needed to fund water infrastructure replacement in Maine. The cost associated with replacing this infrastructure for all water utilities nationally is estimated to exceed \$385 billion. In 2020, the Commission approved filings from water utilities related to infrastructure investment totaling \$33 Million.

Water utilities can recover the cost of new infrastructure through rates over the life of the plant and consumer-owned water utilities are also able to include in rates the full debt repayment for such projects. However, water infrastructure is expensive and the pumping and treatment facilities necessary to serve a hundred customers are roughly the same cost as those needed to serve a thousand customers. Due to the cost and scope of water systems, replacement of water infrastructure can present significant financial challenges to



water utilities and in some cases can drive substantial rate increases to water utility customers. Currently, water utilities in Maine are using a variety of funding sources for these capital expenditures.

### **Rate Adjustment Mechanism for Water Utilities**

Statute provides that the Commission may establish or authorize a reasonable rate-adjustment mechanism to decouple water utility revenues from water utility sales through revenue reconciliation when changes in sales are due to a change in the number of customers or a change in the volume of consumption. Section 6102-A(2) requires the Commission to include in its annual report pursuant to § 120 rate information regarding any adjustments requested and those granted. No rate adjustment mechanisms were requested or granted in 2020.

### **Waterborne Transportation in Casco Bay**

Pursuant to Title 35-A, M.R.S., Sections 5101-5111, and Chapters 510, 520, and 560 of the Commission's rules, the Commission regulates the provision of ferry, charter, water taxi, and unscheduled freight services between Peaks Island, Great Diamond Island, Little Diamond Island, Long Island, Chebeague Island, Cliff Island, and the mainland of Cumberland County.

No person, other than Casco Bay Island Transit District (CBITD), which was created by Private and Special Law 1981, c. 22, may provide ferry service within this regulated territory of Casco Bay without obtaining a certificate of public convenience and necessity from the Commission. Further, no person may provide charter, water taxi, or unscheduled freight service within this regulated territory without obtaining authorization from the Commission.

The Commission did not receive any applications to provide charter, water taxi, and unscheduled freight services in Casco Bay in 2020.



# 11. EMERGENCY SERVICES COMMUNICATION BUREAU

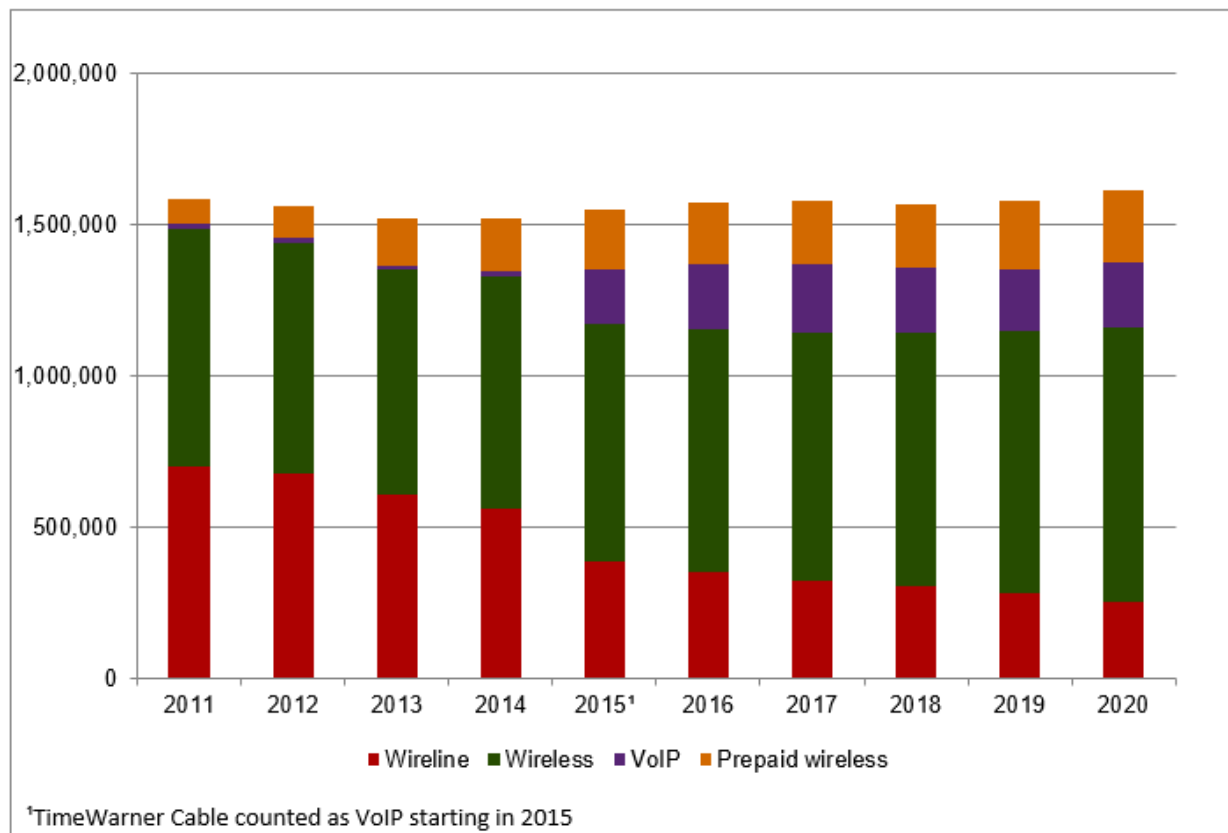
## 911 SERVICES IN MAINE

The Emergency Services Communication Bureau (ESCB) manages the statewide 911 system, which is the component of the emergency response system that delivers 911 calls and displays the telephone number and physical location of the caller at one of Maine's 24 Public Safety Answering Points (PSAPs). The ESCB is funded by the E911 surcharge which is assessed on all wireline, wireless (prepaid and postpaid) and VoIP service.

## INDUSTRY TRENDS

In Maine and the Nation, wireless phones have accounted for the largest portion of payments of the E911 surcharge. Fees collected from wireline phones continue a downward trend. See Figure 14.

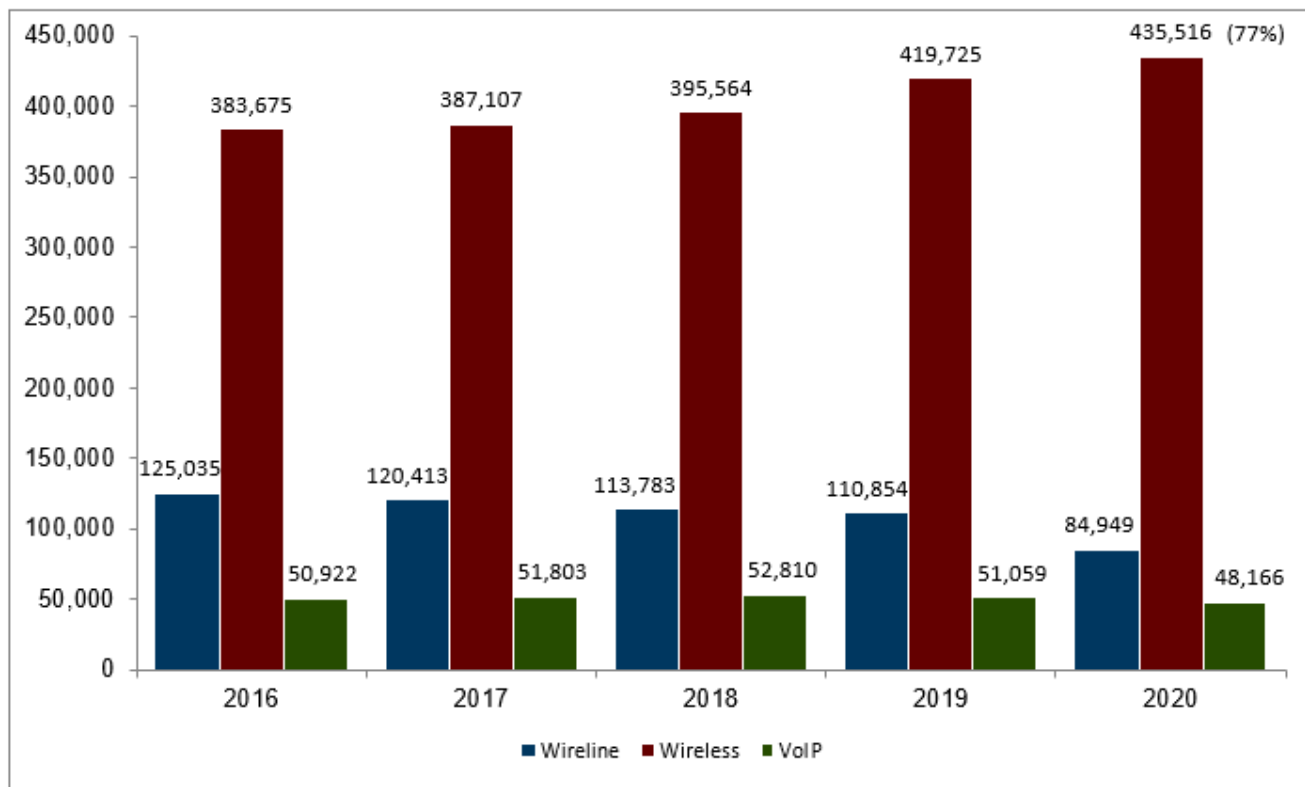
**Figure 14 – Phone Lines Contributing to E911 Surcharge**





In 2020, 77 percent of all calls to 911 came from wireless phones. See Figure 15.

**Figure 15 - 911 Calls**



## **KEY EVENTS**

### **Fire Protocols Rulemaking Changes**

On November 5, 2019, the Commission issued a Notice of Rulemaking (NOR) Docket No. 2019-00243, Amendments to Emergency Fire Dispatch Protocols Rule (Chapter 5). The proposed rule would adopt the new standard for call review recommended by the International Academies of Emergency Dispatch (IAED). The Commission noted that the new call review standard, which reduces the minimum number of calls subject to quality assurance review, if adopted in Maine, would significantly reduce the number of calls subject to quality assurance review at the PSAPs. Consistent with rulemaking procedures, the Commission provided interested persons the opportunity to provide oral comments on the proposed rule during a public hearing held on December 4, 2019, and two rounds of written comments. Changes to the rule were adopted and became effective March 31, 2020.

### **COVID 19 Response**

On March 24, 2020, the ESCB began holding weekly calls with Public Safety Answering Points (PSAPs) to discuss issues related to the COVID 19 pandemic. Topics included activities the ESCB undertook on their behalf, lessons learned, and deep cleaning and contingency dispatch plans should a PSAP need to temporarily close.

A major initiative was contingency planning for larger PSAPs should an infection require temporary closure. Although the system is designed to reroute calls to an alternate PSAP, this



could significantly impact call volume for the alternate PSAP. To address this matter, the Commission moved call taking positions into a “safe room” at Cumberland Regional Communications Center (RCC) and Penobscot RCC so if the main dispatch floor needs to be closed for deep cleaning, staff could move to this room and continue to answer 911 calls and dispatch. The Commission also added two call taking positions to Cumberland RCC so it could support any other PSAP in the county if needed. Shortly after completing contingency planning for Cumberland RCC, the plan was successfully enacted due to a temporary closure.

By mid-April, the ESCB had moved all its required courses to online training. This worked well for most trainings, but not for the NG911 equipment training, a required training for all 911 call takers that takes place at the Maine Criminal Justice Academy. Over the summer, the ESCB reconfigured the training room to allow social distancing and resumed in-person training. This reconfiguration is reviewed monthly to ensure compliance with CDC guidance.

### **Program Funding/Surcharge**

Surcharge revenue is held in a dedicated, interest-bearing account and is tracked through the State’s accounting system. Following the transition to a NG911 system in 2014, the fund balance was increasing due to efficiencies realized with the new system. During the 2019 session, legislation was enacted which lowered the surcharge from 45 cents to 35 cents and gave the Commission the discretion to establish the surcharge amount, not to exceed 35 cents, beginning January 1, 2020.<sup>15</sup> In November 2019, the Commission set the surcharge amount at 35 cents noting in Docket 2019-00233 the importance of maintaining an adequate balance in the 911 Fund to manage the possible transition of Maine’s NG911 system to a new vendor in addition to the other potential needs. The Commission will review the surcharge again in 2021 to determine the appropriate surcharge to meet its operational needs and continue to spend down the reserve balance to an adequate level.

### **911 Infrastructure Refresh**

In January 2020, the Commission executed an extension of the NG911 contract with Consolidated Communications for a new term that ends in 2025. The amendment provides for a system refresh of all hardware and software, with only minor exceptions, and was completed in January 2021.

### **911 Federal Grant**

The Commission received a \$680,741 Federal Grant from the U.S. Department of Transportation and Department of Commerce to improve 911 location information in Maine. Maine was one of 34 states to receive federal funding to advance the development of Next Generation (NextGen) 911 systems. The project involves bringing the underlying geographic information system up to current industry standards in order to more accurately route wireless 911 calls and locate callers. Funding is contingent on the State’s ability to annually certify that it has not misappropriated 911 surcharge throughout the grant period. The Commission requested proposals from vendors to review and improve the Geographic Information System data currently used by the 911 system. DataMark was awarded the contract and began work in August 2020. The data is being reviewed on a PSAP-by-PSAP basis and is expected to be completed by March 2022.

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<sup>15</sup> Public Law 2019, c. 343 Part SSSS



### Call Taker and Dispatch Training

The ESCB offers a variety of courses to ensure that 911 call takers and dispatchers have all the necessary skills to handle emergency calls. See Table 10 below for a summary of students trained.

**Table 10 - Students Trained**

Course Name	Students Trained in 2019	Students Trained in 2020	Percent Change
NG911/ New Hire Training	61	70	15%
Emergency Telecommunicator Course	74	84	14%
Emergency Medical Dispatch Certification	73	71	-3%
Emergency Medical Dispatch Quality Assurance (EMD-Q)	18	17	-6%
Emergency Medical Dispatch AQUA Software Training	35	37	6%
Emergency Medical Dispatch ProQA Software Training	64	71	11%
Emergency Fire Dispatch Certification	75	73	-3%
Emergency Fire Dispatch Quality Assurance (EFD-Q)	16	20	25%
Emergency Fire Dispatch ProQA Software Training	71	71	0%

The ESCB also funded a full-day training course offered virtually by the Maine Chapter of the National Emergency Number Association.

### PSAP Audits

Annual audits are typically conducted in person at all 24 PSAPs. However, due to COVID-19, virtual audits were performed at 23 of 24 PSAPs. The purpose of the audits is to ensure laws, rules and required policies and procedures are followed and that any deficiencies identified previously were resolved. Observations made during the audits include the following:

- TTY compliance continues to require improvement. PSAPs must be consistent with the testing frequency and documentation. Many centers did not perform TTY testing in accordance with ESCB Administrative Rules, which require each position to be tested monthly and operators to be tested quarterly.
- Required medical and fire software was not being updated, as required, at all PSAPs. Only 12 PSAPs were using the most current Emergency Medical Dispatch software. Only 11 PSAPs were using the most current Emergency Fire Dispatch software.
- All PSAPs have standard operating procedures and/or policies in place that address call taking, transfer of calls and text to 911.
- Quality Assurance Reports for January through November (11 Months of reporting) include the following: 20 out of 24 PSAPs have submitted all required QA reports for EMD-Q. 17 out of 24 PSAPs have submitted all required QA reports for EFD-Q. Two



PSAPs were six or more months behind and have been placed on performance improvement plans.

ESCB rules require PSAPs to answer all calls in ten seconds or less 90% of the time. This data is measured on an annual basis. PSAP's falling below this requirement are notified and asked for a corrective action plan. See Table 11 below.

**Table 11 – 2020 PSAP Call Center Efficiency**

<b>PSAP</b>	<b>Incoming 911 Calls - 2020</b>	<b>% Calls Answered ≤ 10 seconds</b>	<b>Avg Ring Duration</b>
Androscoggin RCC	14,705	95.8%	7.0
Biddeford PD	22,322	96.7%	6.0
Brunswick PD	12,833	98.5%	5.0
Cumberland RCC	34,761	91.9%	9.0
DPS Bangor	11,997	95.5%	11.0
DPS CMRCC	49,530	86.9%	9.0
DPS Houlton	19,450	97.1%	6.0
Franklin RCC	12,512	97.8%	6.0
Hancock RCC	16,611	98.2%	6.0
Knox RCC	13,738	97.6%	7.0
Lewiston Auburn RCC	44,296	94.3%	6.0
Lincoln RCC	14,101	99.2%	5.0
Oxford RCC	24,981	98.2%	6.0
Penobscot RCC	65,209	85.6%	8.0
Piscataquis RCC	6,345	97.2%	6.0
Portland PD	56,643	76.9%	9.0
Sagadahoc RCC	13,128	99.2%	4.0
Sanford PD	29,304	96.6%	6.0
Scarborough PD	15,055	96.8%	6.0
Somerset RCC	38,130	98.7%	5.0
Waldo RCC	11,753	88.0%	8.0
Washington RCC	11,460	97.7%	6.0
Westbrook RCC	16,071	97.9%	5.0
York PD	13,696	96.0%	6.0
<b>Total Calls</b>	<b>568,631</b>	<b>92.4%</b>	<b>7.0</b>



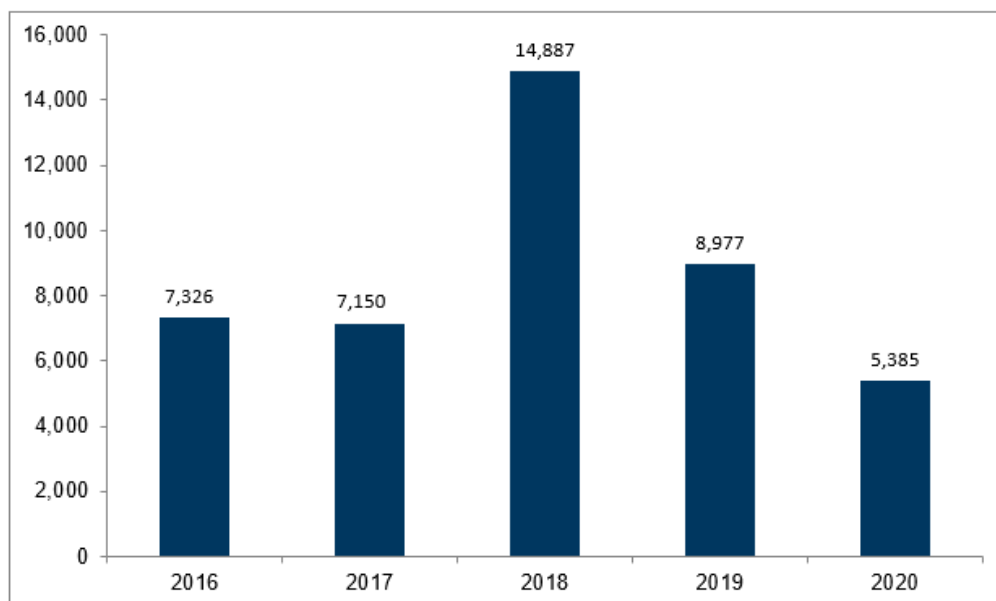
## 12. CONSUMER ASSISTANCE

The Consumer Assistance section of the Consumer Assistance and Safety Division (CASD) is the Commission's primary link with utility customers. The CASD is charged with ensuring that consumers, utilities, and the public receive fair and equitable treatment through education, complaint resolution, and evaluation of utility compliance with consumer protection rules. As part of its mission, the CASD is responsible for educating the public and utilities about consumer rights and responsibilities and other utility-related consumer issues, for investigating and resolving disputes between consumers and utilities, and for evaluating utility compliance with State statutes, Commission rules and the utility's Terms & Conditions for service. The Commission also uses information about consumer contacts with the CASD and other CASD data as a basis for enforcement actions, Commission investigations and in other Commission proceedings.

### CASD Contacts

The CASD tracks its contacts with both consumers and utilities, as detailed in Figure 16 below. Contacts take several forms, such as the general provision of information and assistance, investigation of a complaint involving a customer dispute with a utility that the parties have been unable to resolve, or processing utility requests for waivers of Commission rules. The CASD recorded 5,385 consumer contacts in 2020, as compared to 8,977 consumer contacts in 2019. The likely cause of the significant decrease in consumer contacts is the Covid-19 pandemic and the associated moratorium on disconnections discussed earlier in this report.

**Figure 16 – CASD Contacts 2016 – 2020**





**Consumer Complaints**

As shown in Figure 17 below, the CASD received 759 complaints in 2020, significantly down from the 1,793 complaints received in 2019. As with consumer contacts, the likely cause of the decrease is the Covid-19 pandemic and the associated moratorium on disconnections.

**Figure 17 - Consumer Complaints 2016 – 2020**

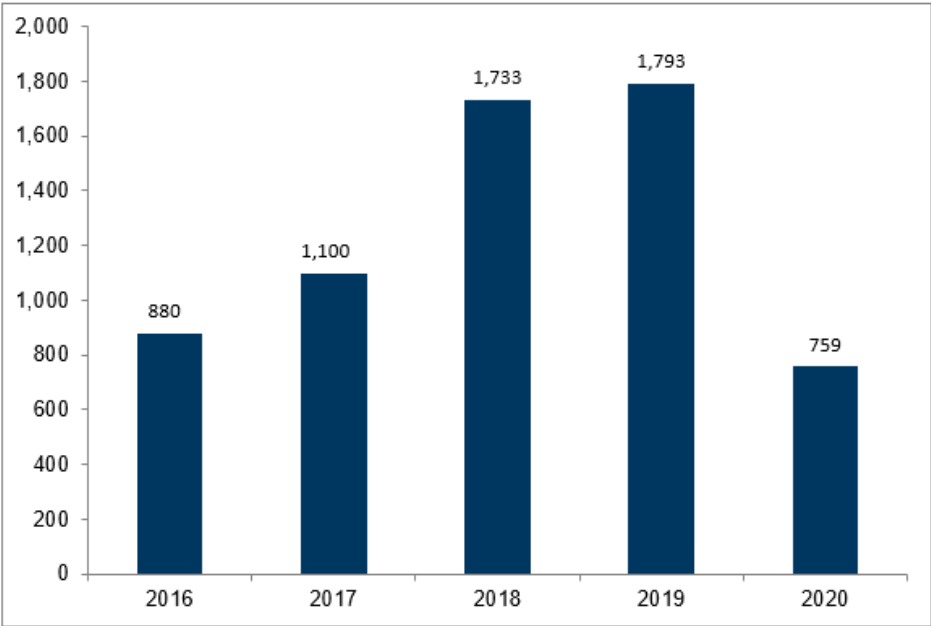
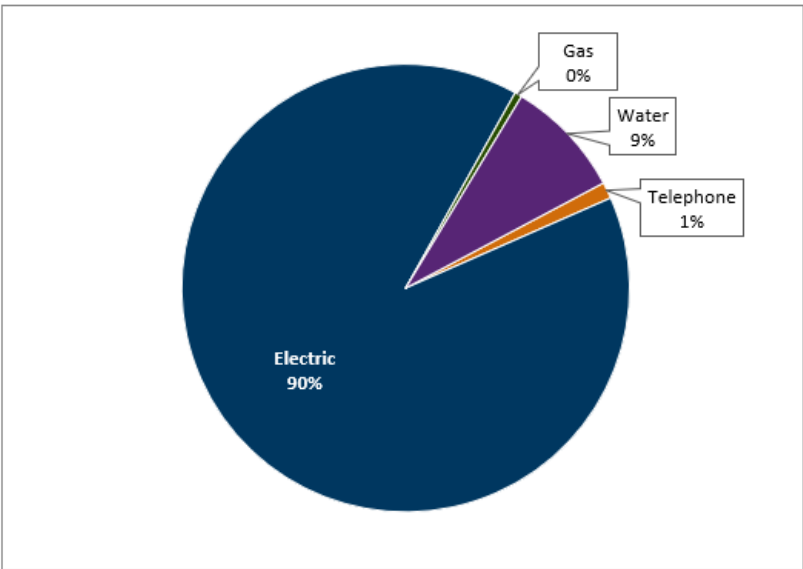


Figure 18 below breaks down complaints received by utility industry. Figure 18 shows that electric complaints represented 90% of complaints received by the CASD in 2020, down from 93% in 2019.

**Figure 18 - Complaint Type in 2020**





## Refunds to Consumers

The CASD often obtains credits or refunds for customers as part of its resolution of customer complaints against utilities. In 2020, the CASD obtained \$101,000 in refunds to customers.

## LOW INCOME PROGRAMS

### Electric Low-Income Assistance and Oxygen Pump/Ventilator Programs Pursuant to 35-A M.R.S. § 3214(6)

The Commission is required by 35-A M.R.S. § 3214(6) to report annually the results of the Low-Income Assistance Program (LIAP) and Oxygen Pump/Ventilator benefits to the Utilities and Energy Committee. The report must include the number of participants in each program and amounts paid each month. It must also include an assessment of the effectiveness of the oxygen pump and ventilator benefit in covering only those electric charges directly related to use of an oxygen pump or ventilator.

**Table 12 – Program Statistics based on quarterly reports from electric utilities.**

Month	LIAP Program		Oxygen Program		Ventilator Program	
	Number of Participants	Amount of Benefit	Number of Participants	Amount of Benefit	Number of Participants	Amount of Benefit
Oct 2019	77	\$0	13	\$683	1	\$0
Nov 2019	149	\$3,503	22	\$147	1	\$0
Dec 2019	3,903	\$1,019,758	116	\$12,339	1	\$0
Jan 2020	7,668	\$1,319,535	335	\$18,466	2	\$1,288
Feb 2020	10,461	\$985,963	587	\$12,294	2	\$308
Mar 2020	13,190	\$1,039,841	858	\$10,889	2	\$616
Apr 2020	14,225	\$322,692	1141	\$12,002	2	\$0
May 2020	15,382	\$394,389	1429	\$15,522	3	\$256
Jun 2020	15,840	\$269,273	1727	\$12,843	3	\$0
Jul 2020	16,159	\$125,804	2055	\$16,559	5	\$611
Aug 2020	16,386	\$148,622	2396	\$22,772	5	\$0
Sep 2020	16,430	\$2,474,962	2713	\$14,199	5	\$0
<b>Total</b>		<b>\$8,104,343</b>		<b>\$148,715</b>		<b>\$3,079</b>



## 13. SUMMARY OF LAW COURT APPEALS

Unlike most governmental agencies, the adjudicatory process utilized by the Commission is comparable to that of a court proceeding. Recognizing this unique aspect of the Commission's adjudicatory decision-making process, Title 35-A provides that appellate jurisdiction to review final Commission decisions, except for rulemakings, resides exclusively with the Law Court. This differs from the process for judicial review that applies to most governmental agencies where appeals are taken, in the first instance, to Superior Court. The following provides a summary of the cases appealed to the Law Court that involve the Commission.

### **New England Clean Energy Connect**

On May 3, 2019, the Commission issued an Order granting a Certificate of Public Convenience and Necessity (CPCN) for the New England Clean Energy Connect (NECEC) and approving a Stipulation. The NECEC is a 145-mile 1,200 MW HVDC transmission line from the Québec-Maine border to Lewiston. The Commission found that the NECEC met the applicable statutory public interest and public need standard and satisfied the Commission's rules governing stipulations. NextEra Energy Resources, LLC appealed the Commission's decision to the Maine Law Court which heard oral arguments on December 6, 2019. On March 17, 2020, the Law Court affirmed the Commission's decision finding no error in the determination that the NECEC project met the applicable statutory standards for a CPCN or its decision to approve the stipulation.

### **Bangor Natural Gas Cost of Gas**

On September 20, 2019, the Commission issued an Order finding that Bangor Natural Gas Company (BNG) had failed to follow one of its terms and conditions (T&C) that provides for recovery of lost gas from transportation customers – those customers that choose their own supplier for gas. The Commission ordered BNG to conform its practices to its T&Cs and refund customers amounts they were overcharged for a period of six years. The Commission directed that a follow-on proceeding be held to determine whether BNG's failure to adhere to its T&Cs was willful and knowing, the amount of any administrative penalty, and the amount of the refund due customers. The Commission's decision was appealed to the Maine Law Court. On October 23, 2020, the Law Court dismissed the appeal as interlocutory and not ripe for judicial review.

### **General Marine Billing Dispute with Portland Water District**

On May 27, 2020, the Commission issued an Order upholding the Consumer Assistance and Safety Division's decision that General Marine Construction Corporation's (GMCC) connection of water service was done without authorization or permission of the Portland Water District and that the resulting make-up bill was correctly calculated. GMCC appealed the decision to the Law Court and the case is currently pending.



## 14. FISCAL INFORMATION

The Commission is required by 35-A M.R.S. §120 to report annually to the Joint Standing Committee on Energy, Utilities and Technology on its planned expenditures for the fiscal year and its use of funds in the previous year. This section of the report fulfills this statutory requirement and provides additional information regarding the Commission's budget. All references in this section are to fiscal years, which run July 1 to June 30.

In FY2020, the Commission regulated electric, gas, telephone, water and water common carrier utilities, enforced Maine's underground facilities damage prevention law, and managed the state-wide E911 system.

The Commission operates with two main programs and funds: The Emergency Services Communications Fund and the Regulatory Related Funds as detailed below.

### **The Emergency Services Communications Fund (E911)**

This fund had an unencumbered balance of \$9,019,030 and an encumbered balance of \$1,630,753 brought forward from FY2019. \$6,667,069 was expended in FY2020. An unencumbered balance of \$10,354,335 and an encumbered balance of \$1,498,912 were brought forward to FY2021. The surcharge collected in FY2020 was \$6,723,048. The prepaid wireless fees collected in FY2020 were \$1,104,576.

### **PUC Regulatory Related Accounts**

#### **Regulatory Fund**

The authorized Regulatory Fund assessment for FY2020 was \$8,957,718. An unencumbered balance of \$2,686,455 and an encumbered balance of \$346,406 were brought forward from FY2019. The Commission spent \$9,010,744 in FY2020.

An unencumbered balance of \$3,459,364 and an encumbered balance of \$293,003 were brought forward to FY2021. The encumbered balances generally represent ongoing contracts.

#### **Reimbursement Fund**

In FY2020, the Commission collected \$1,400 in filing fees, \$900 in copying fees and \$332,500 in fines. An unencumbered balance of \$777,795 and an encumbered balance of \$1,420 were brought forward from FY2019. During FY2020, \$511,045 was expended on contracted professional services and training for the dig safe program. The contracted professional services provided expertise on the cost and benefits for replacing the investor-owned utilities with a public power authority. An unencumbered balance of \$602,970 and an encumbered balance of \$0 were brought forward to FY2021.

### **The Budget in Perspective**

In June 2020, the Legislature approved the Commission's biennial budget. Table 13 details the Commission's FY21 expenditure plan including position count, based on its original work program.



**Table 13 - FY2021 Work Program**

<b>Regulatory Fund</b>	
Position Count	<b>57.5</b>
Personal Services	7,705,510
All Other	3,225,034
Capital	0
<b>Total</b>	<b>10,930,544</b>
<b>Commission Reimbursement Fund</b>	
All Other	<b>50,000</b>
<b>Commission Damage Prevention</b>	
Position Count	<b>0</b>
Personal Services	59,458
All Other	542
Capital	0
<b>Total</b>	<b>60,000</b>
<b>Oversight and Evaluation Fund</b>	
All Other	<b>252,660</b>
<b>Prepaid Wireless Fee Fund</b>	
All Other	<b>1,994,049</b>
<b>Emergency Services Comm. Bureau (E-911)</b>	
Position Count	<b>9</b>
Personal Services	946,811
All Other	6,297,577
Capital	0
<b>Total</b>	<b>7,244,388</b>

**The Regulatory Fund Assessment in Perspective**

Table 14 below details the most recent five years of Regulatory Fund assessments from Annual Reports filed by the utilities with the Commission. They include revenues for the previous year ending December 31. Calculations are made to determine what percentage of the revenues reported by regulated utilities will produce the amount authorized by statute. The derived factors that will raise the authorized amount are applied against the reported revenues of each utility.

Under 35-A M.R.S. § 116, on May 1 of each year the Commission sends an assessment notice to each utility with a July 1 due date. Funds derived from this assessment are used during the fiscal year beginning July 1. The total assessment for FY2020 was \$8,957,718 which includes a special assessment due to the Legislature passing two laws in 2019: Public Law 2019, Chapter 478 for \$734,983 and Public Law 2019, Chapter 477 for \$300,000 for a combined total of \$1,034,983. Assessment breakdown by utility sector is described below in Table 15.



**Table 14 - Regulatory Fund Assessments for the Past Five Years**

Year	Electric Revenues	Telecom Revenues	Water Revenues	Gas Revenues	Water Carriers Revenues	Total Utilities Revenues	Amount Billed
2015	440,444,156	235,341,640	135,159,589	147,685,467	4,093,936	962,724,788	7,772,124
2016	437,109,981	216,779,664	139,657,025	162,171,917	4,346,891	960,065,388	7,573,098
2017	425,200,389	210,006,436	145,601,635	139,015,634	5,418,336	925,242,160	7,573,098
2018	424,462,677	200,597,876	146,728,469	148,263,936	4,565,770	924,618,728	7,573,098
2019	432,019,555	198,012,954	173,111,963	172,002,568	6,037,222	981,184,262	8,957,718

**Table 15 – Total Assessment by Utility Sector**

Sector	Assessment
Electric	5,796,765
Telecommunications	1,522,424
Natural Gas	942,672
Water	684,155
Water Common Carrier	11,702
<b>Total</b>	<b>8,957,718</b>



## 15. COMMISSIONERS' BIOGRAPHIES

**Philip L. Bartlett II**, J.D., was appointed to the Maine Public Utilities Commission in June 2019 by Governor Janet Mills. Prior to his appointment, he practiced law with Scaccia, Bartlett & Chabot. He also served in the Maine Senate from 2004 to 2012 and was elected by his peers to serve as Senate Majority Leader from 2008 to 2010. Bartlett chaired the Energy, Utilities and Technology Committee as well as the Joint Select Committee on Maine's Energy Future and he served on the Government Oversight Committee, Natural Resources Committee and Labor Committee. He taught micro and macroeconomics at the collegiate level. Chairman Bartlett holds a juris doctorate degree from Harvard Law School. He completed his undergraduate work at Tufts University, where he graduated Summa Cum Laude majoring in Economics and Political Science. His term expires in March 2025.

**R. Bruce Williamson**, PhD, was appointed to the Maine Public Utilities Commission in June 2015 by Governor Paul R. LePage. Prior to his appointment, Commissioner Williamson served as a senior economist at the University of Tennessee's Howard Baker Center for Public Policy. He has also served as a research professor at the University's College of Business Administration. He has worked as a senior economist at the National Defense Business Institute, and at Southwestern Bell Telephone Company. Commissioner Williamson holds a doctorate in economics, with an emphasis in utility economics, from the University of New Mexico. He completed his undergraduate work at Cornell and earned a Master's in International Relations from the Korbel School. His term expires in March 2021.

**Randall D. Davis** was appointed to the Maine Public Utilities Commission in September 2017 by Governor Paul R. LePage. Prior to his appointment, he served as the area operations manager for energy at Sappi's Somerset Mill in Skowhegan, where he has worked since starting with the company in 1978. During his career at Sappi, he was promoted numerous times to management positions overseeing various aspects of the manufacturing process. Prior to his tenure at Sappi, Commissioner Davis was a systems engineer for Exxon Chemical working in New Jersey, Louisiana, Texas and England until his decision to return to Maine. Commissioner Davis graduated from the University of Maine in 1976 with a Bachelor of Science in Chemical Engineering. His term expires in March 2023.



## 16. PAST COMMISSIONERS

### 1915 – 2020

* Benjamin F. Cleaves	1915-1919	* David Moskovitz	1984-1989
William B. Skelton	1915-1919	* Kenneth Gordon	1988-1993
Charles W. Mullen	1915-1916	Elizabeth Paine	1989-1995
John E. Bunker	1917-1917	Heather F. Hunt	1995-1998
Herbert W. Trafton	1918-1936	William M. Nugent	1991-2003
* Charles E. Gurney	1921-1927	* Thomas L. Welch	1993-2005
Albert Greenlaw	1924-1933		2011-2014
* Albert J. Stearns	1928-1934	Stephen L. Diamond	1998-2006
Edward Chase	1934-1940	* Sharon M. Reishus	2003-2010
* Frank E. Southard	1935-1953	* Kurt Adams	2005-2008
C. Carroll Blaisdell	1937-1941	Vendean Vafiades	2007-2012
James L. Boyle	1941-1947	* Jack Cashman	2008-2011
George E. Hill	1942-1953	David P. Littell	2010-2015
Edgar F. Corliss	1948-1954	Carlisle J.T. McLean	2015-2017
* Sumner T. Pike	1954-1955	* Mark A. Vannoy	2012-2019
Frederick N. Allen	1954-1967		
Richard J. McMahon	1955-1961		
* Thomas E. Delahanty	1955-1958		
* David M. Marshall	1958-1969		
* Earle M. Hillman	1962-1968		
* John G. Feehan	1968-1977		
Leslie H. Stanley	1970-1976		
* Peter Bradford	1971-1977		
	1982-1987		
Lincoln Smith	1975-1982		
* Ralph H. Gelder	1977-1983		
Diantha A. Carrigan	1977-1982		
Cheryl Harrington	1982-1991		

**\* Denotes Chairman**



