State of Maine Public Utilities Commission

ANNUAL REPORT 2024

February 1, 2025

Maine Public Utilities Commission

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Commissioners' Letter

This report provides an overview of the work conducted by the Maine Public Utilities Commission (Commission) in 2024 administering the laws concerning public utilities in Maine.

The Commission's demanding caseload and legislative requirements created significant challenges in 2024. The Commission addressed these challenges with exceptional work by our staff coupled with support from industry leading consulting firms.

The Executive Summary of the report is detailed on page two and highlights the more noteworthy cases and initiatives that occurred during the year, but we would like to highlight a few items in this letter.

The Commission issued an order outlining grid priorities for Maine's electric transmission and distribution utilities for initial ten-year grid plans, which are designed to promote reliability and resilience while keeping costs affordable and helping to achieve Maine's greenhouse gas reduction goals and climate policies.

The Commission approved $22.5 million for its Low-Income Assistance Program (LIAP) for the 2024-2025 program year, maintaining the increase in program funding approved the previous program year. In addition, the Commission approved another temporary increase in the Federal Poverty Level eligibility threshold for Department of Health and Human Services means-tested programs from 75 percent to 150 percent, increasing program eligibility to an additional 46,000 Mainers. We will be opening a proceeding in 2025 to explore changes to improve the LIAP program.

The Commission took the most significant step to date in its efforts to extend the life of Maine's beloved single area code by approving the consolidation of Consolidated Communication Northern New England Company's 135 rate centers into one. This could potentially extend the life of the 207 area code for decades.

In all aspects of our work, the Commission's dedicated staff continue 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	*Patrick J. Scully*	*Carolyn C. Gilbert*
Chair	*Commissioner*	*Commissioner*

2. EXECUTIVE SUMMARY

This section highlights some of the more noteworthy cases and initiatives in 2024.

Topic	Description
207 Area Code	In November 2024, the Commission took a major step that could potentially extend the life of Maine's single area code for decades by approving large-scale rate center consolidation of Maine's largest telecommunications provider, Consolidated Communications Northern New England Company, LLC, combining 135 calling areas into one company-wide rate center.
Versant Proposed Rate Increase	On March 1, 2024, Versant Power filed a request for approval of a distribution rate change, citing storm restoration, operations expenses, advanced metering infrastructure (AMI) investments, reliability investments, and investments in its employees as driving factors for the increase. If approved, the monthly bill for a typical residential customer using 500 kWh would increase by approximately $12 per month.
CMP Reorganization	In May, Central Maine Power, Maine Natural Gas, and Avangrid, Inc. filed a petition with the Commission requesting either an exemption from the approval requirements of 35-A M.R.S. § 708 for a change in ownership of a minority share of the voting securities of Avangrid or, in the alternative, approval of the proposed transaction. An exemption was granted in September 2024.
Bangor Gas, Unitil Merger	On July 15, 2024, Unitil, Northern, HUI, PHC, and Bangor Gas filed a Joint Petition for Regulatory Approval of a merger of Bangor Gas into Unitil. On December 17, 2024, the Commission approved a Stipulation to authorize the merger. Northern and Bangor Natural Gas will not become one new company, but rather Bangor will become a sister company to Northern and will continue to operate as its own company.
Grid Planning	In July 2024, pursuant to 35-A M.R.S. §§101, 103-A and 3147, the Commission identified priorities and other details for initial ten-year integrated grid plans for Maine's investor-owned transmission and distribution utilities in an effort to improve grid reliability and resilience while keeping costs affordable and helping to achieve Maines greenhouse gas reduction goals and climate policies. The priorities were developed through an extensive stakeholder process.
Versant Power Management Audit	In May 2024, the Commission initiated an audit of the operations and management practices of Versant Power. The Commission is concerned that Versant Power is not meeting its obligations. An audit report is expected in early 2025.
Cast Iron and Bare Steel Replacement Program	In November, Northern Utilities completed a 14-year project to replace cast iron and bare steel facilities. The program, approved by the Commission in 2010, was designed to improve the safety and reliability of the system that serves the greater Portland area. This was the largest and most aggressive capital improvement project for a gas utility in Maine.

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, while also helping achieve reductions in state greenhouse gas emissions.

The Commission, created by the Maine Legislature in 1913, has broad powers to regulate these public utilities in Maine. The Commission also responds to customer questions and complaints, grants utility operating authority, regulates utility service standards, 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 holds public and evidentiary hearings. The Commission encourages participation by all affected parties, including utility customers and the public. The Commission also conducts investigations and rulemakings, investigates allegations of illegal utility activity, and responds to legislative directives.

The Commission handles an average of about 350 utility cases a year. In 2024 the Commission received 325 new cases. This year included several major rate cases and procurements requiring significant staff time as well as consulting expertise. Many of these large cases are detailed in the Executive Summary.

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 Chair. The Commissioners make all final Commission decisions by public vote and action of the majority.

The legislature authorized an additional two positions in the last legislative session, increasing the Commission's staff from 76 to 78. This includes accountants, engineers, lawyers, financial analysts, technical analysts, consumer specialists, administrative and support staff. The Commission's knowledgeable and dedicated staff work tirelessly on behalf of the people of Maine to keep utility rates reasonable. The current staffing level is detailed in the chart below.

Functional Area	Employees
Administrative Division and Commissioners	14
Consumer Assistance and Safety Division	21
Electric and Gas Division	15
Emergency Services Communications Bureau	9
Legal Division	14
Telephone and Water Division	5
Total Current Employees	**78**

The Commission is divided into six operating areas according to industry area or function.

Electric and Gas Division; Telephone and Water Division staff conduct technical and financial investigations and analyses of telephone, water, electric and gas 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.

Emergency Services Communication Bureau staff manage 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.

Consumer Assistance and Safety Division (CASD) staff provide 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 statewide as well as underground facilities damage prevention.

Legal Division staff provide hearing officers in cases before the Commission and assist 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.

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

4. ELECTRIC

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.

THE ELECTRIC INDUSTRY IN MAINE

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. Delivery also encompasses high-voltage transmission and lower-voltage distribution systems, including the construction, operation, and maintenance of those facilities.

Supply includes the production and provision of electric energy and capacity. 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.

There are approximately 270 licensed Competitive Electricity Providers (CEPs) that supply Maine's retail electricity. This includes Maine's Standard Offer Suppliers, who supply approximately 53% of Maine's retail electricity through the default or Standard Offer Service. The remaining 47% of supply is provided by non-standard offer provider CEPs.

Transmission and Distribution (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 are regulated by the Federal Energy Regulatory Commission (FERC) 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 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. As a result of recent changes to the regional transmission tariff, beginning in 2023, CMP's and Versant Bangor Hydro District's transmission rates change on January 1 each year instead of July 1. Versant Maine Public District is not affected by the regional tariff change and will continue to change on January 1.

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), the Renewable Portfolio Standard statute (35-A M.R.S. § 3210-G), and Net Energy Billing Program costs. Stranded costs for CMP and Versant residential customers increased in July of 2024 due primarily to Maine's two Net Energy Billing (NEB) programs. An average CMP residential customer saw an increase of $5.10 per month. An average residential customer in Versant's Bangor Hydro District saw an increase of 9 cents per month, and an average residential customer in Versant's Maine Public District saw an increase of $6.36 per month.

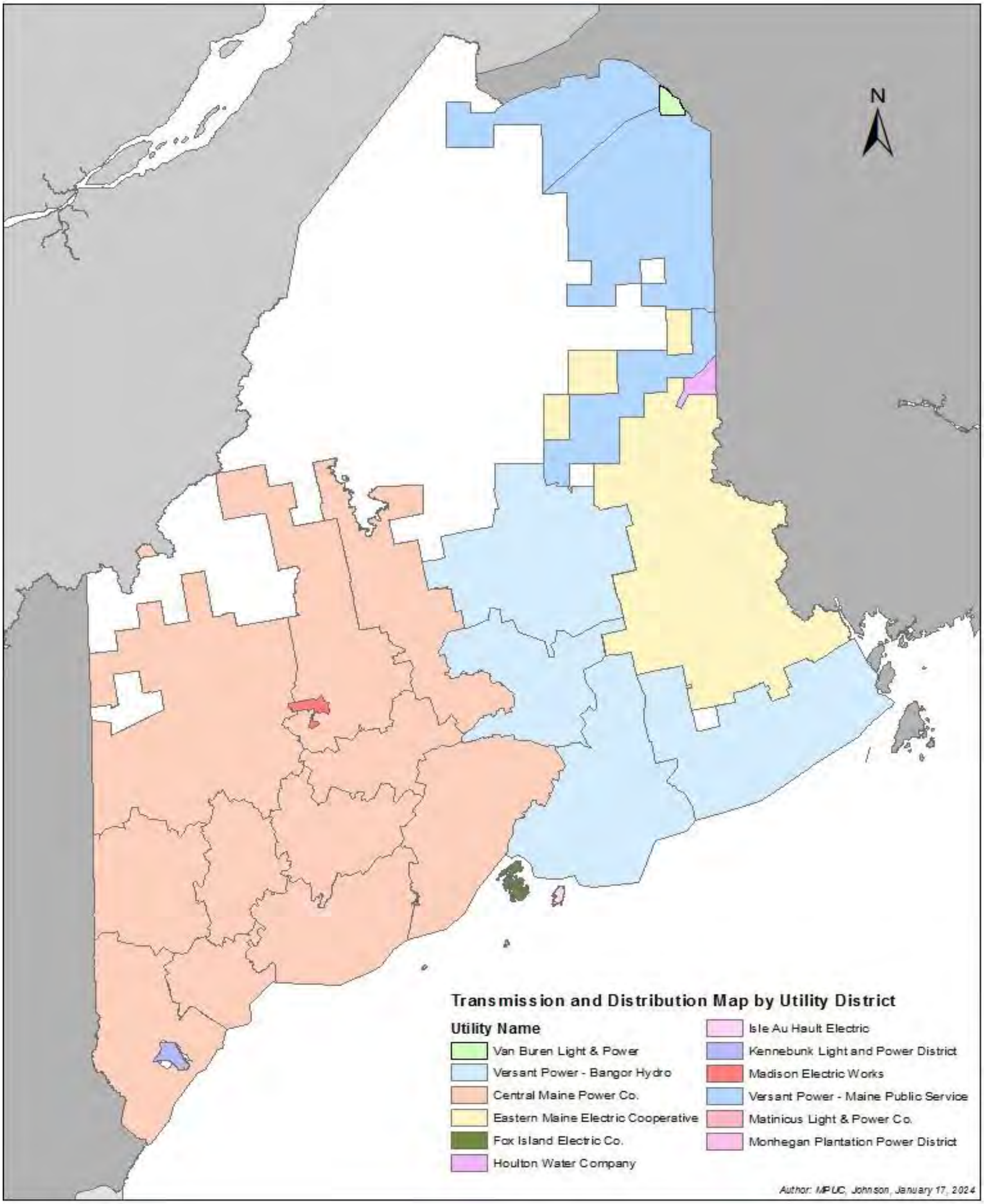
Most of Maine is part of the regional bulk power and wholesale market systems that are operated and administered by the New England Independent System Operator (ISO-NE). The exception to this is northern Maine, which is not directly interconnected with the ISO-NE system. Northern Maine is interconnected 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 12.8 million megawatt hours (MWh) per year, with a peak demand of about 2,000 MW. The total nameplate generation capacity of in-state plants is in the range of 5,252 MW. These plants operate in response to the ISO New England's dispatch instructions which at times may require them to operate at full output and at other times, to not operate at all.

The Commission regulates the operations and distribution 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 the FERC.

There are 12 T&D utilities in Maine: two investor-owned utilities (IOUs) and ten consumer-owned utilities (COUs). The IOUs, CMP and Versant Power, serve about 95% of the total state load. Figure 1 below shows the geographic areas each utility serves.

Figure 1 – T&D Service Areas



MARKET TRENDS AND CONSUMER PRICES

Wholesale Electricity Market

Wholesale electricity market costs to Maine consumers for the period December 2023 to November 2024 were $493,712,044. This is approximately a 19% decrease from the $607,299,904 market costs for the prior twelve-month period. Between the two periods, average wholesale energy costs decreased 17% and capacity costs decreased by 27%. The decreased electricity costs were a result of the continuation of decreasing natural gas prices. Higher summer load in 2024 offset some of the effects of lower natural gas costs throughout the period.

Mystic Cost of Service

ISO-NE entered into a Cost-of-Service Agreement with Constellation Mystic Power, LLC and Exelon Generation Company, LLC for the Mystic generating units 8 and 9. The agreement was in effect for two Forward Capacity Market commitment periods, starting June 1, 2022, and ending May 31, 2024. The Mystic Cost of Service (COS) charge is the allocation of the supplemental capacity payments paid to Mystic resources retained for fuel security. Mystic cost of service charges are allocated to Real-Time Load Obligation, excluding Real-Time Load Obligation associated with Dispatchable Asset Related Demand (DARD) and Real-Time Load Obligation associated with Coordinated External Transactions. The costs associated with the Mystic COS agreement are not included in the rates calculated for this report.

Retail Supply Prices and Standard Offer Procurement

In November 2024, the Commission accepted bids and set new Standard Offer electricity supply rates for residential and business customers of CMP and Versant Power effective January 1, 2025. The bidding process this year for CMP and Versant's residential and small non-residential class customers was conducted on two separate days, two weeks apart, to mitigate potential market risks associated with single day pricing.

Residential customers of CMP using an average of 550 kWh of electricity who receive Standard Offer service will see a very slight decrease amounting to just pennies a month; residential customers of Versant Power, Bangor Hydro District using an average of 500 kWh of electricity per month will see an increase of about $1.50 a month; and for Versant's Maine Public District, an increase of about $1.84 a month.

The new Standard Offer supply rates were set through a competitive bid process conducted by the Commission, as required by Maine law. Maine's supply prices remain lower than most other New England states, as shown in table 1 below. These supply price changes apply to customers who do not purchase electricity from a competitive supplier of their choosing and instead receive Standard Offer electricity supply by default.

Table 1: New England Investor-Owned Utility Fixed Residential Supply Rates

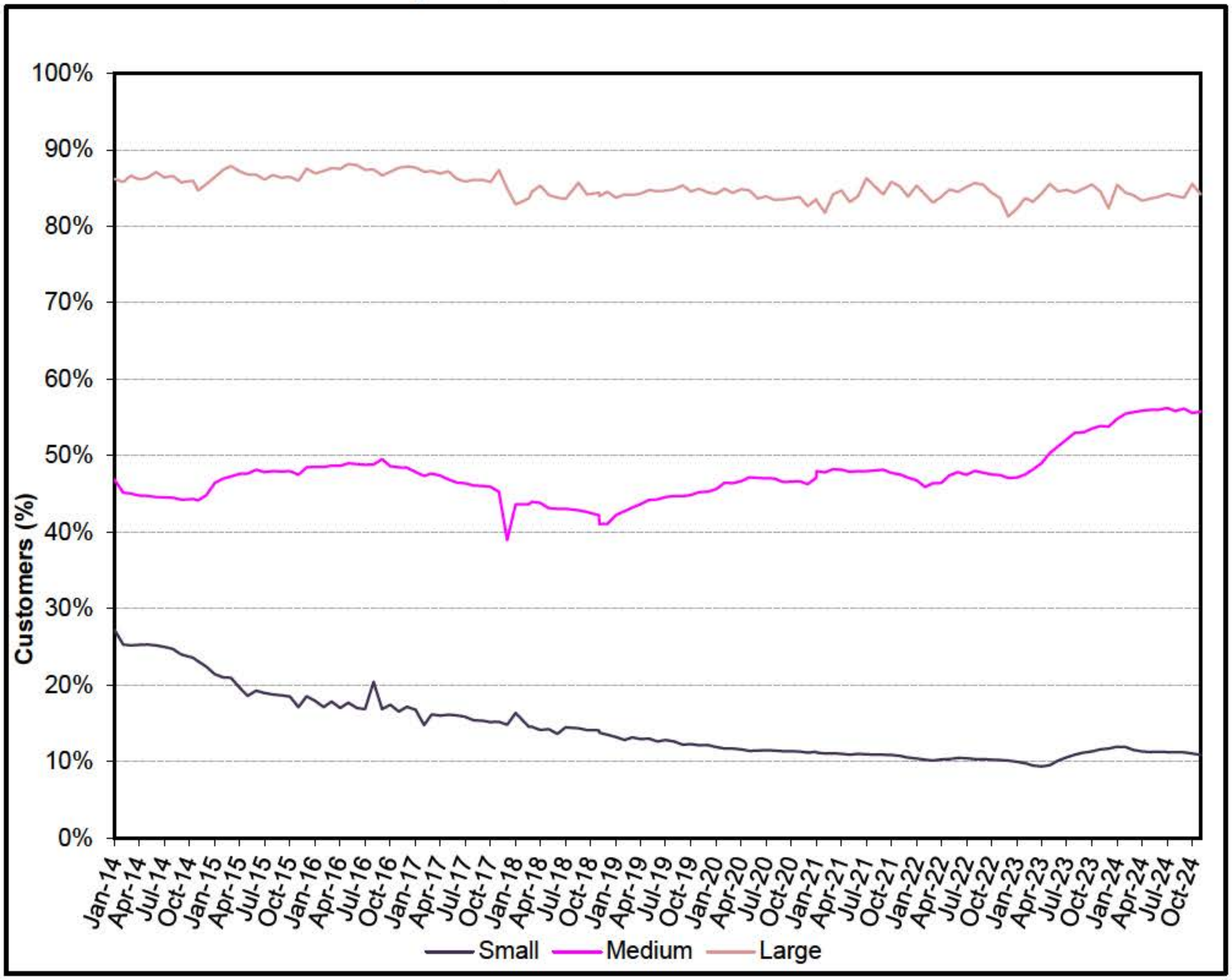
State	Average Price	Lowest Price	Highest Price
Maine	10.943	10.563	11.653
Connecticut	12.379	11.190	13.568
Massachusetts	13.861	11.825	15.599
New Hampshire	9.284	8.416	10.506
Rhode Island	16.387		
Vermont	19.988		
New England	12.661	8.416	19.988

*Note: Rhode Island and Vermont have only one investor-owned utility and therefore the average price is the price of that single utility.

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 11%. Chart 1 below shows customers served by Competitive Electric Suppliers. In short, most large businesses use a CEP, while most residential and small business customers utilize standard offer for their electricity supply.

Chart 1 – Customers Served by Competitive Electric Providers



In 2024 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 2 below.

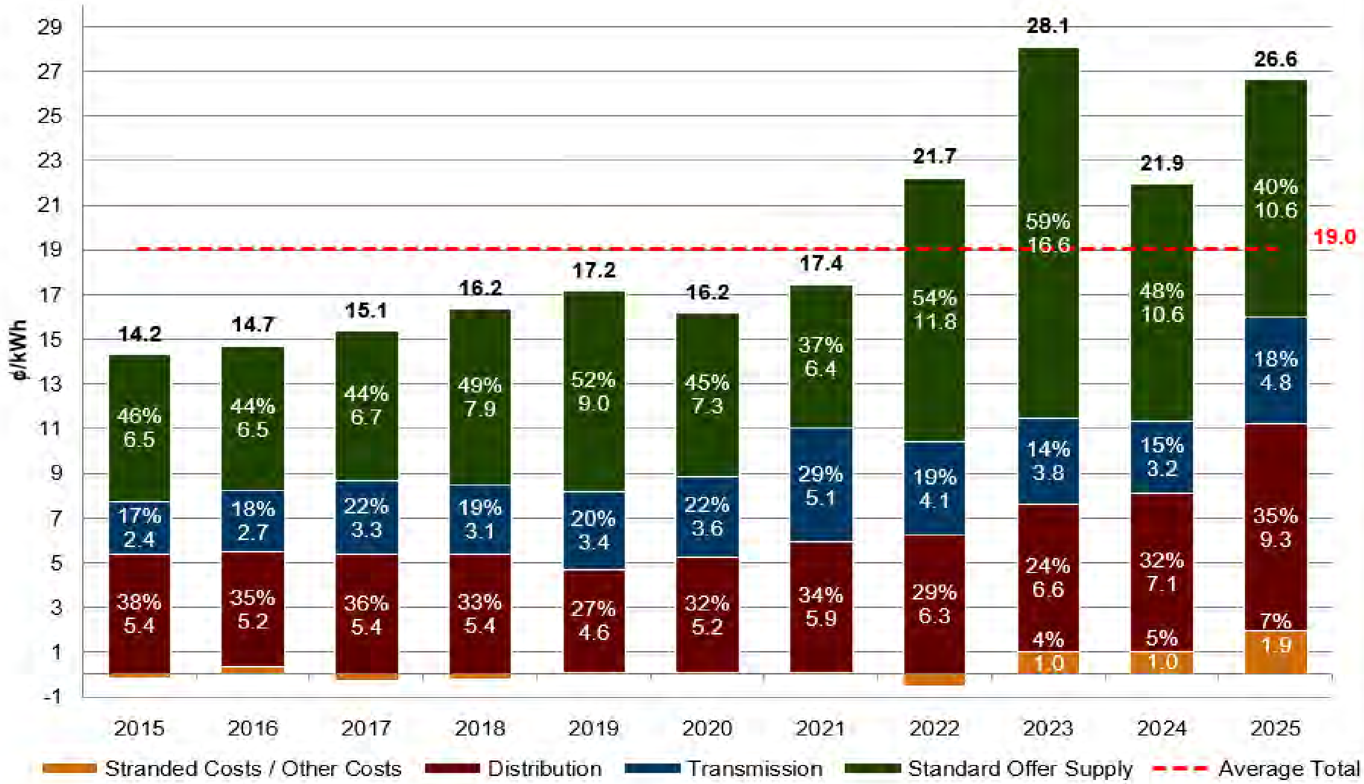
Table 2 – Residential Electricity Rates

RESIDENTIAL ELECTRICITY RATES IN MAINE[1]	% of State Residential Load	kWh	Delivery Rate T&D ¢/kWh	Delivery Rate Stranded Cost ¢/kWh	Delivery Rate Total Delivery ¢/kWh	Standard Offer Rate ¢/kWh	Total Rate ¢/kWh
INVESTOR-OWNED UTILITIES							
Central Maine Power	77.9%	3,708,209,911	14.4	1.9	16.4	10.6	**27.0 ¢/kWh**
Versant Power - BHD	13.9%	661,362,068	15.8	2.3	18.1	10.6	**28.7 ¢/kWh**
Versant Power - MPD	4.1%	196,161,350	12.4	2.7	15.1	11.7	**26.8 ¢/kWh**
COOPERATIVES & MUNICIPAL-OWNED UTILITIES							
Brunswick Landing	0.0%	798,398	12.9	N/A	12.9	12.7	**25.6 ¢/kWh**
Eastern Maine Electric Cooperative	1.4%	64,567,596	10.9	N/A	10.9	5.9	**16.8 ¢/kWh**
Houlton	0.7%	35,016,590	5.3	N/A	5.3	6.2	**11.5 ¢/kWh**
Van Buren	0.2%	8,154,636	7.1	N/A	7.1	6.2	**13.3 ¢/kWh**
Kennebunk Light & Power	1.2%	57,650,925	2.8	N/A	2.8	10.6	**13.4 ¢/kWh**
Madison Electric Works	0.4%	19,987,136	4.3	N/A	4.3	15.0	**19.3 ¢/kWh**
Matinicus	0.0%	192,818	Exempt from Standard Offer requirements				**51.4 ¢/kWh**
Monhegan	0.0%	405,813	Exempt from Standard Offer requirements				**72.8 ¢/kWh**
Fox Island	0.2%	7,330,195	21.2	N/A	21.2	17.1	**38.3 ¢/kWh**
Isle au Haut	0.0%	189,987	15.2	N/A	15.2	16.8	**32.0 ¢/kWh**
STATE AVERAGE	**100.0%**	**4,760,027,423**					**26.7 ¢/kWh**

1. Central Maine Power, Versant Power - Bangor Hydro District and Versant Power - Maine Public District information based on residential rates in effect as of 1/2025. Consumer-owned utilities' information based on 2023 annual reports, page 50 (filed in 2024). Rate components not readily available for some consumer-owned utilities.

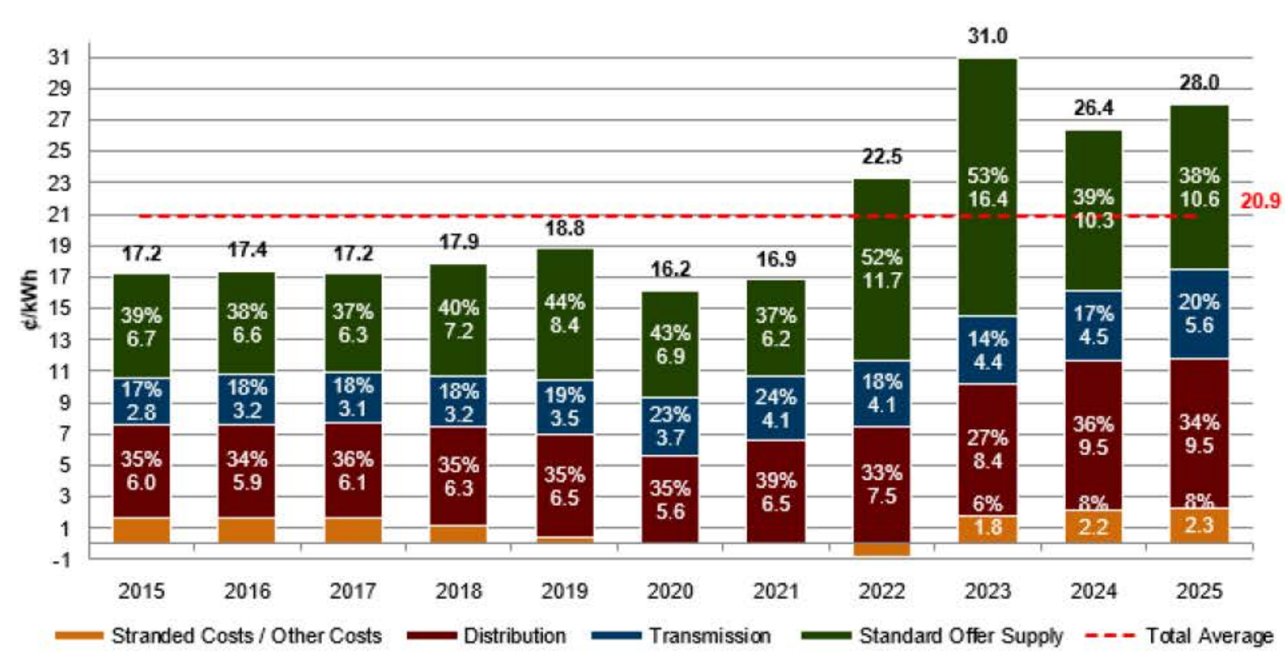
Charts 2, 3 and 4 provide a year-by-year price comparison by component for CMP and Versant Power residential customers. Distribution rates have been trending upward in recent years. Transmission rates have continued to decline since the peak in 2021. The percentage figures are the proportion of the component as compared to the total price.

Chart 2 – CMP Historical Prices by Component



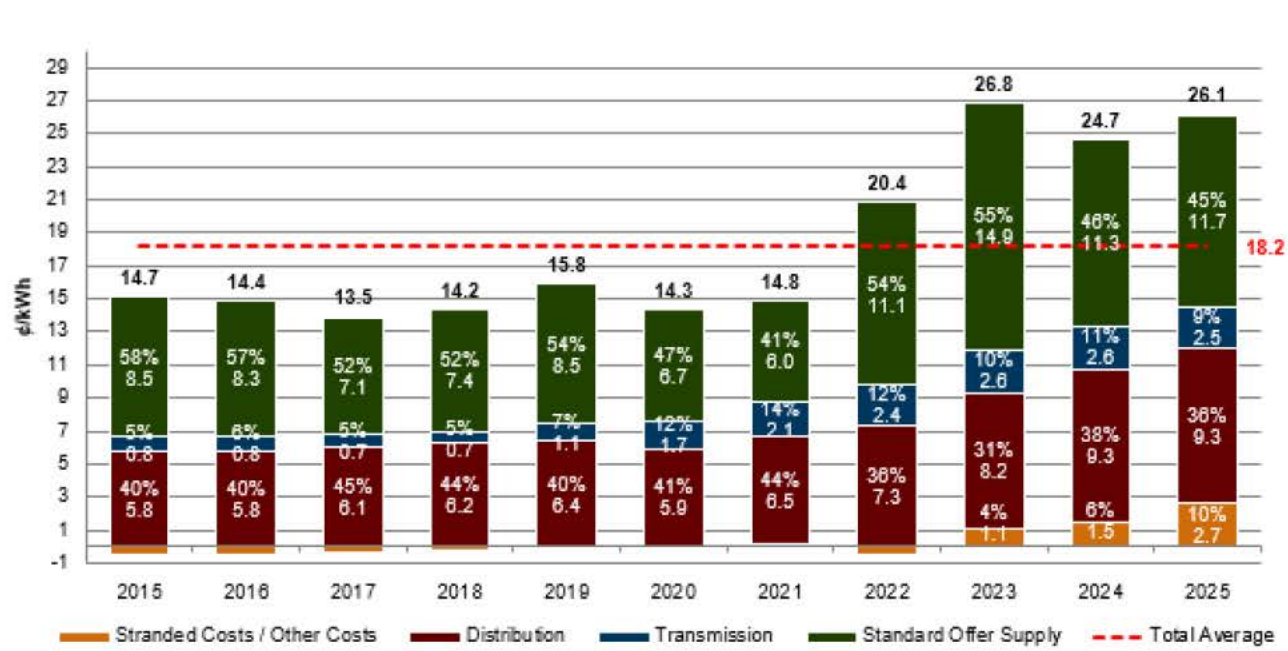
Note: 2025 rates reflect stranded cost rates in effect on August 1, 2024, and distribution, transmission and supply rates as of January 1, 2025.
Rates calculated using component revenue divided by total kWh (assumes no minimum charge).
Does not include Efficiency Maine Trust or Low Income Assistance program charges

Chart 3 – Versant Power Bangor Hydro District Historical Prices by Component



Note: 2025 rates reflect distribution and stranded costs as of July 1, 2024, and transmission and supply rates as of January 1, 2025. DSM component not included.

Chart 4 – Versant Power Maine Public District Historical Prices by Component



Note: 2025 rates reflect distribution, transmission and stranded cost rates in effect as of July 1, 2024 and supply rates as of January 1, 2025. DSM component not included.

MAJOR CASES, ISSUES AND PROCEEDINGS

CMP Reorganization

On May 31, 2024, Central Maine Power (CMP), Maine Natural Gas (MNG), and Avangrid, Inc. filed a petition with the Commission requesting either an exemption from the approval requirements of 35-A M.R.S. § 708 for a change in ownership of a minority share of the voting securities of Avangrid or, in the alternative, approval of the proposed transaction. Iberdrola S.A. owned approximately 81.6% of the voting shares of Avangrid, which is an intermediate parent company of CMP and MNG. Through the proposed transaction, Iberdrola would acquire the remaining common shares of Avangrid (approximately 18.4%), resulting in Iberdrola becoming the sole owner of Avangrid. In 2008, the Commission had approved 100% ownership of CMP's parent by Iberdrola but imposed numerous conditions to protect ratepayers.

On September 27, 2024, the Commission granted an exemption based on the Commission's prior approval of the corporate structure that the Petitioners were seeking to resurrect along with numerous other conditions on that approval that remain in effect and continue to serve ratepayers' interests. Thus, the Commission ordered that pursuant to 35-A M.R.S. § 708(2)(A), the reorganizations proposed by the Petitioners in their May 31, 2024, Petition were exempt from Commission approval and that no further process or approval was required for the Petitioners to proceed with this transaction. The Commission also ordered that, to the extent possible, the Commission Staff ensure that all compliance filings in Docket No. 2007-00355 be made publicly available.

Versant Power Distribution Rate Case

On March 1, 2024, pursuant to 35-A M.R.S. § 307 and Chapter 120 of the Commission's rules, Versant Power filed a request for approval of distribution rate change seeking approval of an annual distribution revenue requirement of $171,758,379. Versant explained that "revenues at current rates are forecast to be $137,611,044, which results in a revenue deficiency of $34,147,335, necessitating a rate increase of approximately 24.8%." Versant cited storm restoration, operations expenses, advanced metering infrastructure (AMI) investments, reliability investments, and investments in its employees as driving factors for the rate increase request.

Versant does not seek to increase its allowed return on equity from the currently authorized allowed return of 9.35%. Versant calculates that if its rate request were granted, the monthly bill for a typical residential customer using 500 kWh would increase by approximately $12 per month.

Public Witness Hearings were held in March of 2024 and 82 public comments were received through the Commission's online Case Management System, mostly urging the Commission to reject Versant's request for a rate increase. A number of technical conferences and hearings have taken place and are still underway. If approved, any changes to rates are expected to be implemented in early 2025.

Versant Power Management Audit
In May 2024, the Commission initiated an audit of the operations and management practices of Versant Power, pursuant to 35-A M.R.S. § 113. Versant Power is Maine's second largest investor-owned electric transmission and distribution utility, serving approximately 165,000 customers in northern and central Maine.

The Commission is concerned that Versant Power is not meeting the obligations set forth in Title 35-A and the dockets referenced in this notice. Therefore, the Commission has determined it is reasonable and necessary to have an audit performed of Versant Power's management practices. The Commission anticipates the auditor's report in early 2025.

Grid Planning Proceeding
In July 2024, pursuant to 35-A M.R.S. §§101, 103-A and 3147, the Commission identified priorities and other details for initial ten-year integrated grid plans for Maine's investor-owned transmission and distribution utilities in an effort to improve grid reliability and resilience while keeping costs affordable and helping to achieve Maine's greenhouse gas reduction goals and climate policies. In developing priorities, the Commission engaged nearly 100 stakeholders through a series of workshops and opportunities for written comment.

The priorities and potential steps to achieve those priorities include reliability and resilience improvements, improvements to data quality and integrity to maximize its use in distribution system planning and promoting flexible management of consumers resources and energy consumption.

In addition to the identified priorities, the Commission order established requirements for the grid plans and the development of the plans by the utilities. These include stakeholder meetings over the 18-month period that utilities will be developing the plans; expected content of the plans; utility visions for the next ten years and how their proposed investments and operations will achieve the priorities; forecasts to be used in developing the plans; a scorecard for evaluating proposed investments and technologies; information regarding the utilities progress related to technology, integration, and system investments; proposals to measure or evaluate and track environmental, equity, and environmental justice impacts of the plans; and proposals to measure the effectiveness of the plans in making progress towards the priorities and improving reliability and resilience and enabling the cost effective achievement of the States climate and greenhouse gas reduction policies. The utilities will file their initial plans in late 2025.

Good Cause Exemptions
In order for distributed generation resources with a nameplate capacity of between 2-5 MW to be eligible for net energy billing, the proposed distributed generation resource must reach commercial operation by December 31, 2024.

An entity proposing the development of a distributed generation resource that does not meet one or more of the requirements of the law may petition the Commission for a good-cause exemption due to external delays outside of the entity's control, which the commission may grant if it finds that, without the external delays, the entity could reasonably have been expected to meet the requirements.

In 2024, 21 entities filed new petitions requesting a Commission determination that the project qualifies to participate in Net Energy Billing (NEB) under the "good cause" exemption contained in

35-A M.R.S. § 3209-A(7)(E). In 2024, three exemptions were granted, five were denied, six were voluntarily withdrawn, and 14 are being processed. Five of these cases had been filed in 2023*.*

Electricity Maine Investigation

In February 2023, the Commission opened a formal investigation of Electricity Maine LLC, a licensed competitive electricity provider (CEP) in Maine, at the request of the Commission's Consumer Assistance and Safety Division (CASD) after the CASD received more than 170 complaints from customers regarding their terms of service. Many of the concerns related to the expiration of fixed rate terms of service and the conversion of the fixed rate into a higher, monthly, variable rate. The Commission investigated whether Electricity Maine was in full compliance with all applicable statutory and regulatory requirements.

The Commission approved an amended stipulation in October 2024 resolving this matter. Under the agreement, Electricity Maine will provide two refunds to eligible customers via pre-paid debit cards, pay a $315,000 penalty, improve the process for notifying customers of expiring rates and transitioning customers to a new rate, and improve customer service.

Amendments to Consumer Protection Standards for Electric and Gas T&D Utilities

In January 2024, the Commission initiated a rulemaking proceeding to consider proposed amendments to the Consumer Protection Standards for Electric and Gas Transmission and Distribution Utilities (Chapter 815). The Commission's Chapter 815 Rules regulate the relationship between electric and gas utilities and their customers, establishing the minimum standards for the provision of service including application for service, deposit requirements and the administration of credit and collection programs.

During this proceeding, the Maine Coalition to End Domestic Violence raised some very important considerations, which resulted in the Commission amending protections to applicants or customers who present an enforceable protection from abuse order to their utility. For customers who meet that qualification, the amended rule prohibits certain customer information from being reported by the utility to debt collectors and credit reporters; a utility may not deny service or require payment of a catch-up amount; and a utility may not demand a deposit under certain conditions.

Final amendments to the rule were adopted and became enforceable on August 31, 2024.

Inquiry into Time of Use Rates for Delivery and Standard Offer

In August 2024, the Commission initiated an Inquiry pursuant to 35-A M.R.S. § 1303(1) to inform consideration of the possible development and implementation of time of use (TOU) standard offer supply and delivery rates for residential and small business customers of investor-owned transmission and distribution (T&D) utilities and to consider the possible use of demand charges for residential customers. Both TOU and demand rates offer the potential, through peak shaving, to lower future supply and delivery rates because they put downward pressure on expensive generation and grid infrastructure investments.

Currently when the Commission conducts the annual Standard Offer Supply bidding process in the fall, a single fixed rate is set, as required by the Commission's Chapter 301 Rules. For this to change, those rules must be modified.

This inquiry builds on the work done in a 2023 Inquiry in in Docket 2023-00019, which was summarized in a Report to the Legislature and identified the benefits and risks of such a rate structure. The case is ongoing, and stakeholder meetings are scheduled in early 2025.

BENEFICIAL ELECTRIFICATION

During its 2023 first special session, the Legislature passed An Act to Enact the Beneficial Electrification Policy Act (P.L. 2023, chapter 328) (Act). The Act, among other things, directs the Commission to conduct a study on how to cost-effectively provide consumer financing of beneficial electrification. In the fall of 2023, the Commission issued an RFP and entered into a contract with a consultant to evaluate and report on how to cost-effectively provide consumer financing of beneficial electrification products, including products for energy efficiency, home or business energy storage, electric vehicle charging equipment and other distributed energy products.

The Commission's consultant conducted its analysis, and a report of the findings was delivered to the Joint Standing Committee on Energy, Utilities and Technology in May 2024. The findings informed recommendations for future consideration when developing a consumer financing program in Maine. These recommendations seek to leverage existing strengths and successes to benefit from consumer trust, limit implementation and administrative challenges for utilities, and properly balance cost effectiveness, consumer protection, and program accessibility and eligibility with risk.

EMERGENCY RESPONSE PLANS

In May 2022 the Commission opened a docket requiring the investor owner electric utilities to file emergency response plans. On March 1, 2023, the Commission convened a technical conference to obtain information regarding each utility's experiences leading up to the significant December 2022 storm and the restoration response after the storm. The Commission also wanted to review how the utilities' response plans performed in guiding the restoration activities. CMP and Versant presented on their storm response efforts to Commissioners and Commission Staff. On March 9,2023, the Commission closed the docket.

On May 16, 2024, Versant filed its updated emergency response plan in the Commission's project file in CMS. CMP had requested an extension to make changes resulting from a settlement in docket 2022-00038 regarding storm response prudence. CMP filed its updated plan on July 11, 2024.

DIRECT SALES

Beginning in 2022 and every three years thereafter, the Commission must report pursuant to section 120, subsection 7, information regarding direct sales of electricity by an entity that generates electricity to commercial or industrial consumers located on the generating entity's property or an abutting property. It may also be on a commercial or industrial site that was served by the generating entity, or its predecessor, without using the transmission and distribution plant of a public utility prior to December 31, 2018.

The Commission has no information regarding the incidence of direct sales of electricity occurring during the previous three years. In 2023 the Commission issued an advisory ruling in

Docket No. 2023-00207 determining that a specific contemplated transaction would not qualify for the exemption provided under 35-A section 2102(5). A similar advisory ruling request is currently pending in Docket No. 2024-00123.

REGIONAL ISSUES

Maine electric customers indirectly participate in the regional power market in order to receive access to the bulk power system. ISO New England (ISO-NE) operates the wholesale power markets, as well as provides access to transmission lines for Maine based customers and generators. The New England Power Pool (NEPOOL) are the market participants whose tariff governs the markets and the access to the transmission system. The Federal Energy Regulatory Commission (FERC) is the federal agency that regulates both NEPOOL and ISO-NE.

The Commission participates in electricity-related regional and national matters in five ways: No additional staff resources are needed to complete this work.

1. The Commission participates directly in electricity market rule development and transmission system and reliability planning at stakeholder meetings of NEPOOL and ISO-NE.

2. The Commission may join other state Commissions in participating in federal advocacy, through the National Association of Regulatory Utility Commissioners (NARUC) or the New England Conference of Public Utility Commissioners (NECPUC).

3. The Commission Chair currently represents Maine on the New England States Committee on Electricity (NESCOE), established by FERC to advise and advocate on behalf of the six New England states on NEPOOL issues.

4. 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 Chair serves on the RGGI Board of Directors and its Executive Committee.

5. Finally, in addition to joining NECPUC and NESCOE filings, when deemed necessary, the Commission directly participates as a party in proceedings at the FERC.

Summarized below are the major regional matters that the Commission was involved in during 2024. The overwhelming focus of the region is transitioning to the grid of the future (2050).

THE FUTURE GRID

The electrification of the heating and the transportation sectors combined with the rapid commercialization of renewable generation are spurring a national transformation of the electric power industry. In 2023, FERC issued several groundbreaking orders applicable to the regional power systems to achieve this transformation. The Commission monitors the implementation of these FERC orders through tariff changes at NEPOOL and operational system changes at ISO-NE.

In New England, Maine's Governor joined four other New England governors in 2020 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).

The Governors' statement was followed by a more detailed "Vision Statement" by NESCOE, calling for significant changes in three core segments of New England's energy system: Wholesale Electricity Market Design, Transmission System Planning, and ISO-NE Governance.

Read the Vision Statement at this link: (https://nescoe.com/resource-center/vision-stmt-oct2020/#:~:text=October%202020%20%E2%80%93%20The%20New%20England,system%3A%20Wholesale%20Electricity%20Market%20Design).

Throughout 2023 and 2024, the Commission, along with other states, ISO-NE, and the NEPOOL Stakeholders have embarked on large and complex reforms to the regional rules and ISO-NE planning tools necessary to implement the objectives of the Vision Statement. Major market rule reforms, several years in the making, to better accommodate changing energy needs are well underway. These rule reforms are highly consultative and typically include at least three stakeholder meetings per month.

There are four major rule reforms underway. The first is capacity accreditation which seeks to provide better targeted economic incentives to generators based on the future reliability needs of our changing electricity grid. The reform is described here. https://www.iso-ne.com/committees/key-projects/resource-capacity-accreditation-in-the-fcm

The second major rule reform is providing economic opportunity for our ratepayers if they reduce their electric demand during high demand periods. Maine is well poised to unlock this economic value through our investment in "smart meters". The Commission has been a leader in this effort through both NECPUC and direct filings with FERC. The reform is described here. https://www.iso-ne.com/committees/key-projects/order-no-2222-key-project/

The third major rule reform is extended transmission planning to address future changes to the grid. A major goal of these rule reforms is to rationalize investments in the transmission system by creation of synergies of incremental investments in nearer term reliability projects to reduce future spending on future needs. The reform is described here. https://www.iso-ne.com/committees/key-projects/extended-term-transmission-planning-key-project

The fourth major rule reform is generator interconnections to the bulk power systems. As additional generation is installed at the distribution level, the cumulative effects of small power generators are increasingly triggering regional studies through clusters at ISO-NE. The consequence to local generators could be the delay in commercial operation as well as increased costs to mitigate their impacts to the regional system (in addition to costs to mitigate distribution level effects). The reform is described here https://www.iso-ne.com/committees/key-projects/order-no-2023-key-project/

The Commission is extensively involved in each of these rule reform efforts.

As noted in last year's report, Electric Power Research Institute (EPRI) examined the impacts of extreme weather on the New England grid. During 2023 the Commission participated extensively in the study design. The study identified the winter of 1961 as the most difficult set of conditions for operation of the regional system. This study is providing the framework for future studies to identify many aspects of the new grid, specifically around the effects of varying types of future uses of electricity, weather conditions, generator types, fuel availability, and the economic impact on our ratepayers. The Commission is very active in shaping the future use of this study as the basis for designing regional rates and identifying investments in physical assets.

Long-Term Transmission Planning

One outcome of NESCOE's Vision Statement was the development of a long-term transmission study to help the states and region better understand what changes will be needed to the transmission system to accommodate the expected influx of renewable energy and demand growth. Following completion of the first study, know as the 2050 Study, the states worked with ISO-New England to develop a process and cost-sharing mechanism to address long-term transmission needs. In December 2024, NESCOE made its first request to ISO-New England to issue a request for proposals (RFP) to achieve a twofold objective of (1) strengthening the connection between northern and southern New England, and (2) facilitating the integration and deliverability of additional affordable generation resources located in Maine, specifically onshore wind. ISO-NE is expected to issue the RFP in early 2025.

Renewable Portfolio Standards (RPS)

In 2023, a substantive change to the RPS was made when the legislature passed An Act to Amend the Portfolio Requirements for Class II Resources and Require Money Collected from Alternative Compliance Payments to Be Used for Financial Assistance to address historically high market prices for Class II renewable energy credits (RECs). The Act added an Alternative Compliance Mechanism (ACM) for Class II REC compliance and set a cap of $10 on the alternative compliance payment (ACP) rate. Subsequently, the Commission conducted a rulemaking proceeding (Docket No. 2023-00225) which adopted a change to Chapter 311 to set the Class II ACP rate at $5 per REC. In 2024, no funds were received under Class II. Under Class IA, $35,155 was distributed to Maine State Housing Authority for the Low-Income Assistance Program and under Thermal, $2,176,884 was distributed to Efficiency Maine Trust.

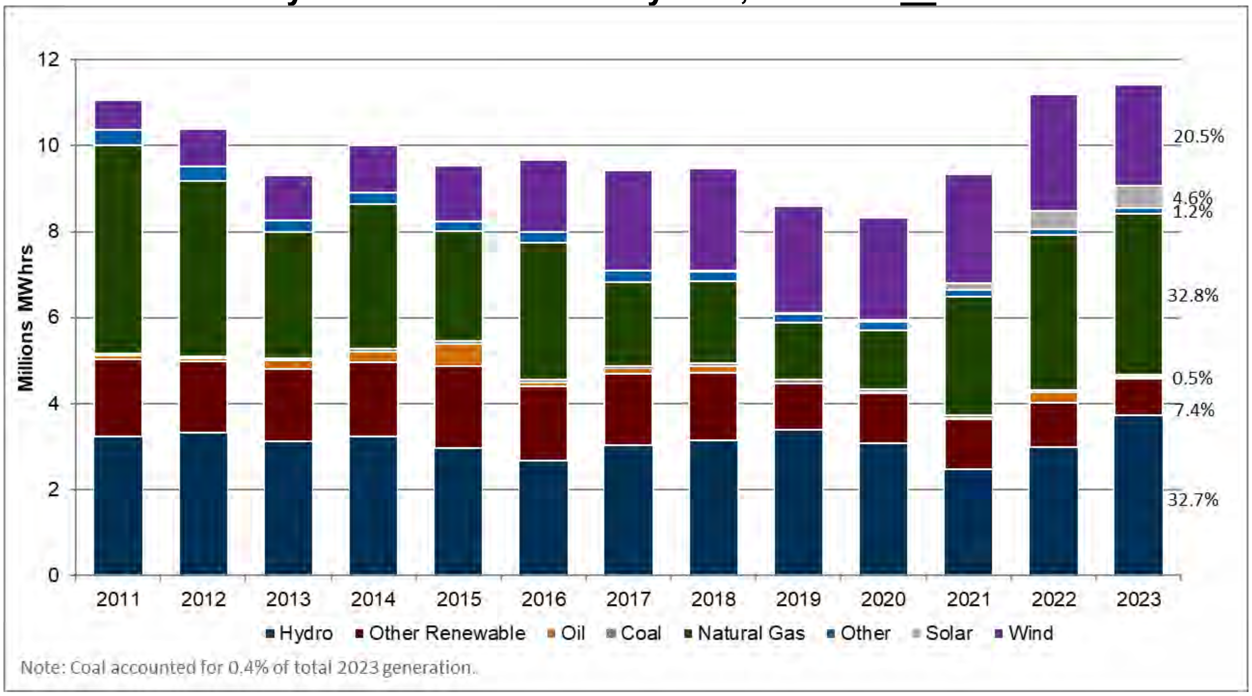
In-State Generation Resources

As of April 1, 2024, there are approximately 5,881 MW of nameplate generating capacity located in Maine (293 MW in NMISA). These plants operate in response to the ISO-NE's dispatch instructions, which may require them to operate at full output or not at all. A complete list of generating plants in Maine is available at:

ISO-NE 2023 CELT Report: https://www.iso-ne.com/system-planning/system-plans-studies/celt
NMISA 18 Month Load and Capacity Assessment SCP 2023: https://www.nmisa.com/documents-2/

The fuel sources of electricity produced in Maine in 2023 (the most recent EIA data available) are shown in Chart 5 below. About 65% of electricity produced in Maine in 2023 came from renewable resources.

Chart 5 – Electricity Generation in Maine by Fuel, 2011 – 2023



*Does not reflect behind-the meter generation. Excludes industrial sector generation.
EIA-923 Power Plant Operations Report: https://www.eia.gov/electricity/data/state/

Rate Adjustment Mechanisms

The Commission is authorized by statute to adopt rate adjustment mechanisms, such as multi-year rate plans and the decoupling of utility profits from sales through revenue reconciliation. Significant developments must be included in the annual report.

As part of CMP's rate case, the Stipulating Parties agreed to the continuation of CMP's distribution revenue decoupling mechanism (RDM), subject to certain changes to how the RDM would be applied. The purpose of an RDM is to reduce the Company's dependence on its actual kilowatt-hour sales and kW customer demand to collect its revenues. This reduces the exposure of the Company to risks associated with fluctuating electricity consumption and removes any potential disincentives for the Company to supporting energy efficiency efforts. The risks and benefits of the RDM flow to all ratepayers.

In a Stipulation filed May 31, 2024, in CMP's Compliance Filing case (Docket Number 2024-00014), the rate change effective July 1, 2024, included the January to December 2023 RDM Adjustment increases of $2,278,720 for residential customers and $802,532 for commercial and industrial customers taking service at distribution voltage levels.

As part of Versant's last Distribution Rate Case, the Commission approved the establishment of an RDM. In a Stipulation filed June 11, 2024 (Docket Number 2024-00077), for calendar year 2023, the RDM adjustment shall result in a cumulative amount due to customers of $1,038,389 inclusive of carrying costs through the recovery period.

5. 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 to some customers by an LDC and for others by non-utility suppliers or marketers. Business customers have the option of purchasing their gas supply from a non-LDC supplier or marketer.

Prices for supply from the LDCs are set by Commission-approved cost-of-gas rates, 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.

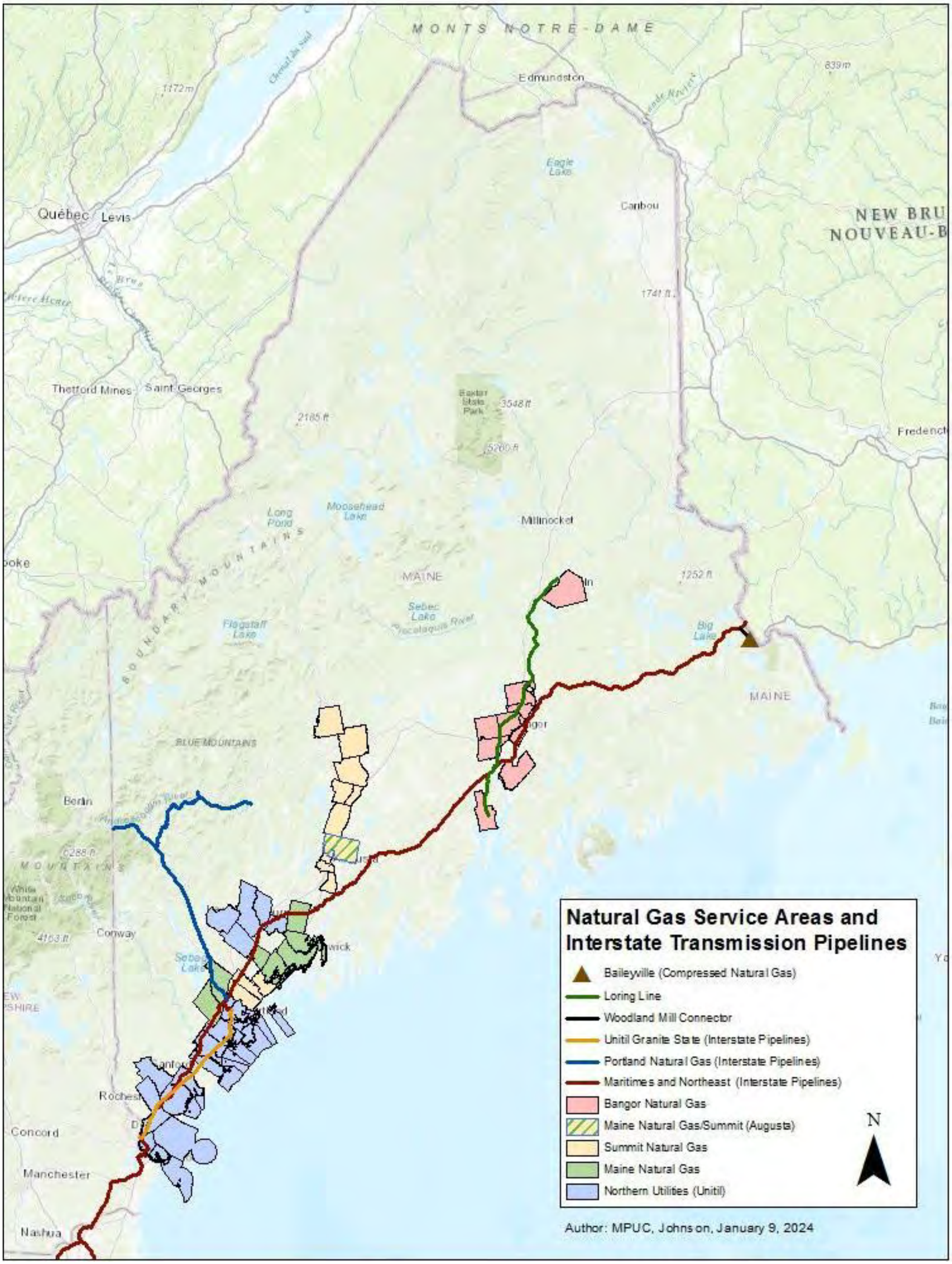
In past years, New England wholesale natural gas prices have been volatile and have deviated significantly from the rest of the country, particularly during cold winter weather. This year, however, natural gas prices have remained stable but are still higher than they were several years ago.

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 9). 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.

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 2 below provides a map of the LDC service areas and interstate pipelines located in Maine.

Figure 2-Natural Gas Pipelines and LDC Service Areas



SIGNIFICANT DEVELOPMENTS

Request for Regulatory Approvals Related to a Merger of Bangor Natural Gas company Into Unitil Corporation

On July 15, 2024, Unitil, Northern, HUI, PHC, and Bangor Gas filed a Joint Petition for Regulatory Approval of a merger of Bangor Gas into Until. Following a number of case conferences and hearings, the parties in the case engaged in settlement discussions in October and November 2024, with all parties agreeing to a Stipulation on December 4, 2024. The Stipulation recommended a purchase price of $70.9 million to be paid by Until. Under the agreement, Bangor Gas will not file a general rate case under 35-A M.R.S. § 307 or 35-A M.R.S. § 4706 prior to January 1, 2027. Bangor Gas will continue to adhere to its existing service quality standards and reporting requirements as approved by the Commission.

The Parties also requested that the Commission authorize Bangor Gas to implement for Bangor Gas customers the same residential low-income discount that is currently available to Northern customers (30% discount on customer's total bill), effective when Unitil assumes control of Bangor Gas's billing operations, following necessary transitional system changes. On December 17, 2024, the Commission approved the Stipulation as presented. Northern and Bangor Natural Gas will not become one new company, but rather Bangor will become a sister company to Northern and will continue to operate as its own company.

In addition, the Commission has a Statutory Requirement to Consider Greenhouse Gas Emissions. As part of the Stipulation, the parties agreed to certain commitments related to the calculation, reporting, and mitigation of GHG emissions, including: calculation of Scope 1 emissions; implementing or maintaining GHG measurement and mitigation programs in accordance with standard industry practice; and annual GHG emissions reporting in accordance with state and federal requirements and standard industry practice.

Alternative Rate-Making Mechanisms

The Commission is authorized by statute 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. There were no activities related to alternative ratemaking in 2024.

Low-Income Assistance Programs

Section 4706-B requires the Commission to report on low-income assistance programs offered by LDCs. In 2024, Northern Utilities continued to provide a discount of 30% of total service charges to qualifying, low-income residential customers. Maine Natural Gas, Summit Natural Gas and Bangor Gas continued to provide qualifying, low-income customers with a 28% discount on delivery charges (excluding the cost of gas), although under the approved Northern Bangor Natural Gas merger, Bangor will provide a 30% discount for low-income residential customers.

6. WATER

THE WATER INDUSTRY IN MAINE

The Commission regulates 152 water utilities in Maine, which include both investor and consumer-owned utilities. Consumer-owned water utilities are water departments, which are a division or department of a city or town, 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 generally 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 2024, the Commission received 86 new water cases, which included 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.

SIGNIFICANT DEVELOPMENTS

Commission-initiated Legislation

The Commission did not propose any significant piece of legislation pertaining to water utilities during the Second Session of the 131st Legislature.

INDUSTRY TRENDS

Aging Water Infrastructure and Costs

Water utilities in Maine and across the nation are confronted with the urgent 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 water utilities nationally is estimated at $385 billion. In 2024, the Commission approved system infrastructure surcharges related to infrastructure investments totaling $1.9 million. Additional infrastructure investments will be needed to meet testing and treatment needs required by federal drinking water quality standards.

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. Also, small water utilities run by volunteer boards and trustees are often reluctant to increase rates, compounding this challenge.

The Commission has recently increased its outreach efforts to help with these challenges. Commission Staff are making themselves available to utilities, and in particular small consumer-owned water utilities, as a resource to answer questions about their options to maximize revenue while keeping rates just and reasonable. Commission Staff have also been attending water trade shows and other industry events, coordinating communication strategies with industry groups, and providing industry training regarding utility regulation in Maine. In addition, the Commission recently hired a Public Engagement Liaison to be a first point of contact for utilities with questions about these options and Commission regulation and proceedings generally.

Rate Adjustment Mechanism for Water Utilities
Title 35-A 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 information regarding any rate adjustments requested and rate adjustments granted. No rate adjustment mechanisms were requested or granted in 2023.

7. WATERBORNE TRANSPORTATION

Waterborne Transportation in Casco Bay
Pursuant to 35-A M.R.S. §§ 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 (the "Regulated Islands").

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.

SIGNIFICANT DEVELOPMENTS

Casco Bay Ferry Service
In 2024, the Commission allowed a rate change to go into effect for CBITD. CBITD comprehensively changed its rate structure to implement flat rates to all Regulated Islands and lowered its rates for 30-day, 90-day, and annual unlimited ride passes. This was the first major update to CBITD's rate structure in 15 years.

8.TELECOMMUNICATIONS

The Commission regulates 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 a toll limitation option for low-income customers.

The Commission also has 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 has the authority to certify competitive local exchange carriers (CLECs) that wish to operate in Maine, but it does not regulate their service. The Commission has no regulatory authority over wireless (i.e., cellular), VoIP voice services, or Internet/Broadband 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. There has been a noticeable reduction of POLR service subscribers in recent years and now the Commission estimates that fewer than 10% of ILEC customers opt for POLR service. If a POLR customer adds an advanced service such as voice mail or a broadband bundle, they are no longer considered a POLR customer.

Consumers can obtain long distance service from a variety of sources, including VoIP technology offered by cable television providers, mobile wireless service, and cable for traditional wireline service.

The Commission also actively manages numbering requests from telecommunication providers that impact Maine's 207 area code. For years the Commission has monitored the status of the 207 area code closely as the number of service providers in Maine has been increasing significantly along with the volume of numbering requests.

SIGNIFICANT DEVELOPMENTS

207 Area Code Exhaustion

In October 2024, the life of Maine's single area code was extended another two and a half years to the fourth quarter of 2033, according to a semi-annual review by the North American Numbering Plan Administrator (NANPA).

In addition, the Commission took a major step that could potentially extend the life of Maine's single area code for decades by approving large-scale rate center consolidation of Maine's largest telecommunications provider, Consolidated Communications Northern New England Company, LLC. Consolidation would combine over 100 calling areas into one company-wide calling area. The result will reduce demand for numbering resources and allow telephone providers to utilize more existing resources.

While only about 38 percent of telephone numbering resources are currently in use, the 207 Area Code has been in danger due to the way numbers have been distributed to providers. The

Commission has been monitoring the status of the 207 area code closely for several years as the number of service providers in Maine has been increasing significantly along with the volume of numbering requests. In January 2021, the predicted exhaust date was 2025. In April 2023, the predicted date when Maine would need to implement a second area code was early 2029. In October 2023, the Commission announced it had been extended to 2032, a total of more than seven additional years.

Maine is one of only 11 states that still has only one area code, but the entire country is impacted by limited numbering resources and the entire North American Numbering system could run out of area codes by 2051. Should that happen, current phone systems that utilize the standard 10-digit telephone number would need to be re-programmed to a 12-digit number, which could cost up to $270 billion by some FCC estimates. By taking innovative steps to preserve the 207 area code, Maine is leading the way in reforming numbering practices nationwide.

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 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. In 2024, the Commission approved the amount of up to $4,99,348 from the MTEAF's 2023-2024 fiscal year budget.

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 supports 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.

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 allows 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 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 2024, the Commission transferred $433,696 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. In addition, the Bureau has requested and received an additional $100,000 for the last 13 years for the CEF because it did not receive adequate funds from the federal government or other sources.

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 is required to annually transfer $40,000 from the MUSF to this program.

The Commission oversees the installation of Public Interest Payphone (PIP) sites across Maine. The annual cost of the PIP program, which currently includes 33 PIPs, is approximately $28,000 and is funded by the Maine Universal Service Fund (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. 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.

Telephone Exemptions

In accordance with statutory changes enacted by the 125th Maine Legislature, the Commission may grant exemptions from certain portions of Title 35-A to POLR service providers. The Commission did not receive any requests for exemptions from POLR service providers in 2024.

9. GAS SAFETY

GAS SAFETY REGULATION AND ENFORCEMENT IN MAINE

The Commission regulates natural gas service reliability and ensures compliance with safety standards for 1,456 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 42,820 services. These facilities were in service throughout Maine as of December 31, 2023, as noted in the operators' annual reports to the U.S. Department of Transportation's Pipeline and Hazardous Material Safety Administration (PHMSA) filed in March of 2024. In addition, the Commission enforces safety standards for approximately 538 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, working to ensure 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 that have agency certification. PHMSA's evaluation of the Commission's pipeline safety program during 2024 resulted in a score of 99%. PHMSA also certified the adequacy of Maine's Damage Prevention Program, which works closely with the gas safety staff and enforces damage prevention law pertaining to violations of Chapter 895 of the Commission's rules, including those violations that involve natural gas pipelines.

PHMSA requires that each certified state actively participate in the National Association of Pipeline Safety Representatives (NAPSR). The Gas Safety staff is currently active on multiple NAPSR and PHMSA/NAPSR committees. 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 PHMSA's Welding and Welding Inspection Course.

In 2024 the gas safety staff spent 241 inspection person days conducting inspections and compliance audits of LPG and natural gas facilities. The purpose of the inspections and audits are to determine whether operators complied with the design, construction, operating, and maintenance requirements of the Commission's safety rules and federal regulations. Approximately 86.5 inspection days were devoted to LPG operations and 154.5 inspection days involved natural gas operations. Table 3 below includes various types of inspections completed by the gas safety staff over the past five years.

Table 3 – Natural Gas and Propane Inspection Data

	Inspection Person Days*				
Inspection Type – Natural Gas	2020	2021	2022	2023	2024
Operating Procedures & Records	37.5	50.5	25.5	35.5	36
Construction & Related Records	74	53	71	63	55
Integrity Management Programs	10	6.5	3	1	13.5
Operator Qualification Programs	16.5	13	10.5	4	12
Accident or Incident Investigations	N/A	N/A	1	0	N/A
Damage Prevention	4.5	5.5	1	4	3
Public Awareness Programs	6	12	2	4	2
Drug & Alcohol Testing Programs	1.5	6.5	0	0	12
Compliance Follow-Up	32	23.5	29	23	14
Operator Training	2	6	0	5	1
Inspection Type - Propane					
Procedures, Facilities & Records	27	75.5	85	46.5	60
Operator Qualification Programs	3	**	2.5**	6**	1**
Accident or Incident Investigations	1.5	N/A	N/A	N/A	N/A
Integrity Management Programs	N/A	**	**	**	**
Damage Prevention	1	0.5	0	0	0
Compliance Follow-Up	15.5	3	5	30	20
Operator Training	3	10	6	9	4.5
# of Facilities Inspected (not Inspection Person Days)	94	88	129	167	121

* 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.

** Integrity Management and Operator Qualification inspections were also conducted in conjunction with inspections of the Operating and Maintenance Procedures and Records.

LPG inspections conducted in 2024 resulted in some required corrective actions to bring facilities, procedures, or record keeping into compliance. Most of these corrective actions were handled through informal proceedings, without notices of probable violations (NOPVs) or civil penalties. One NOPV was issued to an LPG operator for failure to follow procedures and included a civil penalty of $5000.

During 2024, inspections of natural gas operators also resulted in corrective enforcement, addressed through informal processes including warning letters and compliance reminders.

2024 Construction

The four natural gas local distribution companies in Maine added an estimated total of 14.35 miles of new distribution mains and 781 new services in 2024. This estimate is based on preliminary reports from the companies. Distribution companies will report final, verified 2024 totals to PHMSA via the Gas Distribution System Annual Report Information in March 2025.

Cast Iron and Bare Steel Replacement Program

In November, Northern Utilities completed a 14-year project to replace cast iron and bare steel facilities. The program, which was approved by the Commission in 2010, was approved to improve the safety and reliability of the system that serves the greater Portland area. This was the largest and most aggressive capital improvement project for a gas utility in Maine. The project involved replacing up to 126 miles of cast iron and unprotected steel pipes, some of which were more than 100 years old. The project included upgrades to 8,862 service lines and 16,945 meters and will reduce the number of gas leaks and methane emissions, while also enhancing system performance.

10. 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, 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 ww.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. The Commission also provides public education materials on its website as well as social and traditional media advertising 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 May of 2024 and for the sixth year in a row the Program received a perfect score.

INDUSTRY TRENDS

A review of Table 4 below shows that the overall number of damage incidents experienced in 2024 increased 3.5% from 2023, with most incidents involving cable television facilities. These facilities experienced an almost two-fold increase in damage incidents in 2024 over 2023. 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 4 – Summary of Dig Safe Activity

Metric	2020	2020	2022	2023	2024
Reported Total Incidents	349	313	323	308	319
Reported Electric Incidents	47	58	75	52	60
Reported Gas Incidents	39	54	46	44	28
Reported Telecom Incidents	88	68	55	56	46
Reported Water Incidents	30	33	24	32	27
Reported Sewer Incidents	30	24	16	16	10
Reported CATV Incidents	36	45	70	67	117
Excavator Violations	74	81	75	61	58
Operator Violations	118	59	82	67	56
Penalties Assessed	$245,000	$188,500	$245,000	$200,500	$207,000
Penalties Waived with Training	$42,000	$40,500	$48,000	$38,000	$42,000
Penalties Not Waived	$203,000	$148,000	$197,000	$162,500	$165,000

Public Awareness, Training and Education

The Commission continues to strongly support and promote education and training 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 financially 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. The Commission also conducts its own training sessions, both at the Commission's offices as well as by request at excavator and operator locations. In 2024, the Commission completed 22 different training sessions that were attended by 964 people.

11. EMERGENCY SERVICES COMMUNICATION BUREAU

911 SERVICES IN MAINE

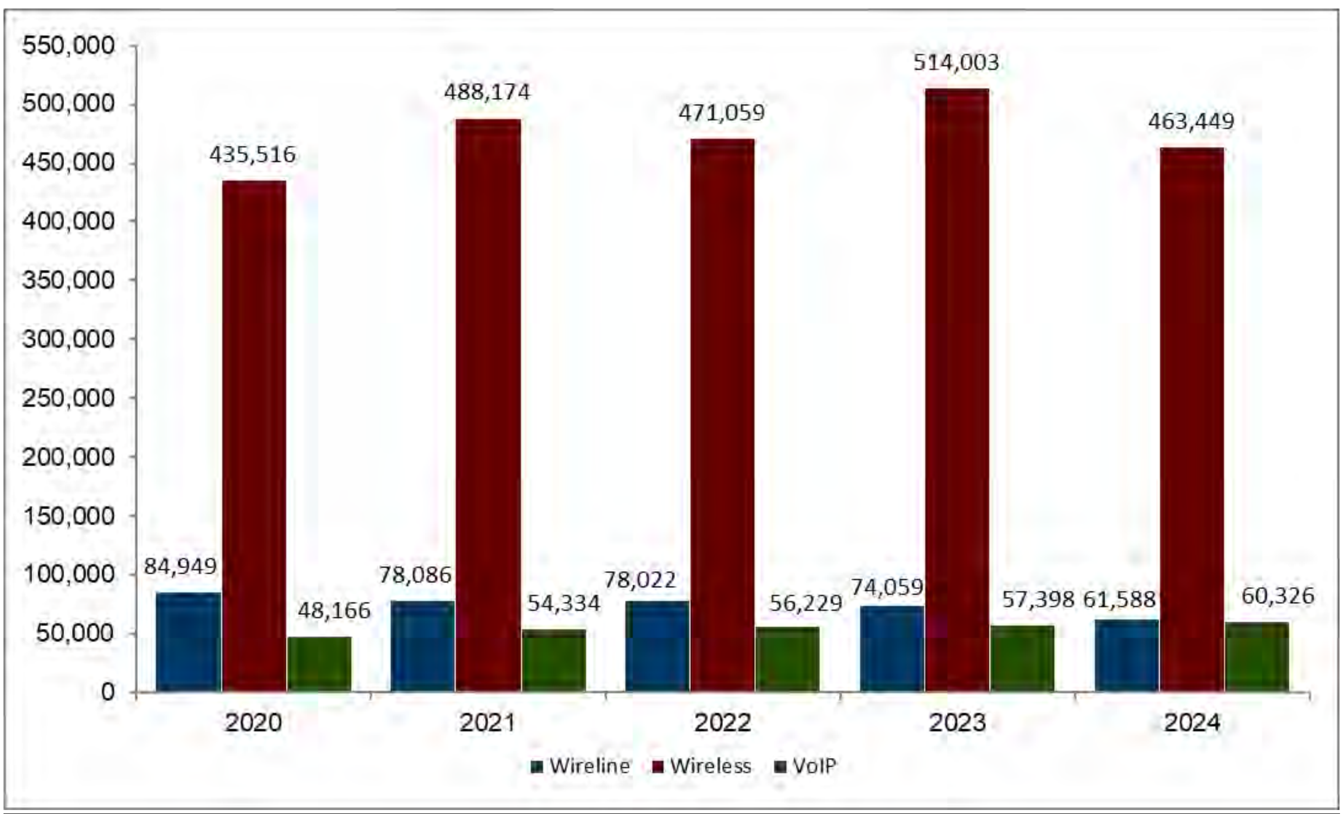
The Emergency Services Communication Bureau (ESCB) manages the statewide 911 system, which is the component of the emergency response system that delivers 911 calls and displays the telephone number and physical location of the caller at one of Maine's 25 Public Safety Answering Points (PSAPs). The ESCB 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. Overall, however, this program has adequate funding. The Commission will review the surcharge again in 2025 to determine the appropriate surcharge to meet operational needs.

In 2024, 79 percent of all calls to 911 came from wireless phones. See Chart 4.

Chart 6 - 911 Calls



SIGNIFICANT DEVELOPMENTS

Location Based Routing of Wireless Calls

In June, the ESCB completed deployment of Location Based Routing (LBR) with the big three wireless carriers—T-Mobile, AT&T and Verizon. LBR uses the location information from the mobile phone to route a 911 call to the correct PSAP, rather than tower location. The goal of this initiative is to increase the likelihood of a caller reaching the correct PSAP for the location of the caller. When a wireless 911 voice call is misrouted, the answering telecommunicator must transfer the call to the PSAP of jurisdiction, which delays the dispatch of first responders. There were nearly 9,000 fewer transfers of wireless calls in 2024 than 2023.

911 Contract

The ESCB negotiated a contract for Next Generation 911 Services with Consolidated Services, the current provider, through June 2030. The overarching objective of the agreement is to maintain all the functionality provided by the existing system while introducing new technology, features and functionality that will align the system with current National Emergency Number Association (NENA) i3 standards and create a platform capable of supporting new standards as the standards evolve. Preparation for the transition to the new system began in 2024 and is expected to be completed in June 2025.

New ESCB Office and Training Center

In December 2023, the ESCB moved its administrative offices and training center to 45 Commerce Drive, Augusta. This new space will allow the ESCB to better support and expand its training program.

Public Law 2023 Chapter 609: An Act to Require PSAP and Dispatch Center Cost Reporting and to Direct the Formation of a Staffing and Recruiting Stakeholder Group

This law stems from draft legislation recommended by the ESCB in a March 2024 report, Pursuant to Public Law 2023, chapter 186 Public Safety Answering Point Oversight and Staffing report, of the Commission.

The bill provided for an additional head count to assist with training. The status of other activities required of this legislation are as follows:

- **PSAP and Dispatch Center Annual Cost Reporting**
  The law requires that PSAP and dispatch centers provide an annual report to the ESCB of the costs incurred for the provision of 911 services. It further requires the ESCB to develop rules to implement this requirement. The rulemaking will commence in January 2025.

- **Quality Assurance Review Support**
  The ESCB was required to contract with a 3rd-party vendor, using revenues in the E-9-1-1 fund, to provide quality assurance review for PSAPs to meet the requirements of emergency medical dispatch and emergency fire dispatch rules and laws. To date, nine PSAPs have taken advantage of this service.

- **PSAP Staffing Stakeholder Group**
  The ESCB was required to convene a stakeholder to develop a coordinated staffing and recruiting effort for all PSAPs. The ESCB will file a report on the progress of this group separately in February 2025.

Recommendations for amending existing and enacting new laws to improve the 9-1-1 system
The ESCB will propose legislation to update provisions of the 911 statutes to make them more consistent with modern 911 systems and federal standards. This bill will also expand the granting authority of the ESCB to include consolidations of PSAPS into existing PSAPs, remove the requirement to reimburse local exchange carriers and wireless carries for eligible expenses, make the Commission the entity responsible for all rulemaking, and make all ESCB rules routine technical.

911 Crisis Response Services
Integration of crisis response services into 911 continued to move forward on a voluntary basis beginning with the finalization of the stakeholder developed policy, *Call Receipt, Acknowledgement, and Transfer of Behavior Health Calls.* An online training course was launched to help familiarize 911 call takers with the policy and provide examples of how to apply the procedures. For a PSAP to use the policy, it must first both adopt the policy and have all its call takers complete the training. As of December 31, 2024, 218 of approximately 482 licensed and practicing Emergency Medical Dispatchers have completed the training; another 10 have started but not yet completed it. Twelve PSAPs report they have implemented the policy.

Call Taker and Dispatch Training
The ESCB offers a variety of courses to ensure that 911 call takers and dispatchers have the necessary skills to handle emergency calls including basic dispatching, Emergency Medical Dispatch and Emergency Fire Dispatch protocol certification, and NG911 Equipment and Policy certification. All sessions were close to capacity. The number of new hires at PSAPs required three additional NG911 Equipment and Policy Certification courses. The ongoing hiring and retention challenges for PSAPs and dispatch only centers across the state will likely continue to increase training needs in 2025.

For advanced personnel, the ESCB provided the two NG911 Train-the-Trainer classes in 2024. This class is designed for in-house PSAP trainers who work with newly hired personnel and also for personnel in need of a NG911 equipment refresher. The ESCB also hosted the NENA 9-1-1 Center Manager Certification Program, attended by 23 current supervisors, deputy directors and directors.

PSAP Audits
25 M.R.S. § 2926(1-A) requires the ESCB to implement and manage a quality assurance program. As part of the program, the ESCB conducts audits of each PSAP annually to ensure that each PSAP is meeting the requirements for call efficiency as well as other statutory and administrative rule requirements.

A focus for this year's audits was to review each PSAPs emergency evacuation plans and alternate dispatch sites to ensure these plans are updated and reviewed by all personnel within the agency.

Knox County RCC came back online in May after temporarily closing its PSAP services in August 2023 due to staffing shortages. They continue to work towards full staffing. Oxford County Regional

Communication Center staffing reached critical levels this year. They hired fully trained personnel from other PSAPs and some law enforcement officers on a part-time basis to minimally meet staffing needs. Fortunately, Oxford had three new hires complete training in December.

Staffing levels at a few other agencies increased and they reported being fully staffed or nearly fully staffed. PSAPs with low staffing levels find it difficult to meet the call answering metric of 90 percent in 10 seconds or less as well as performing the required quality assurance review of calls processed that used Emergency Medical Dispatch or Emergency Fire Dispatch protocols. However, PSAPs now have the option of contractual call review, which should assist with meeting these requirements.

ESCB rules require PSAPs to answer all calls in ten seconds or less 90% of the time. All but two PSAPs, Portland PD and Penobscot RCC, met this requirement. Staffing challenges are directly related to the ability to meet this metric. See Table 5 below.

Table 5 – 2024 PSAP Call Center Efficiency

PSAP	Incoming 911 Calls - 2024	% Calls Answered ≤ 10 seconds	Avg Ring Duration (seconds)
Androscoggin RCC	19,495	93.5%	7
Biddeford PD	24,265	98.1%	5
Brunswick PD	13,440	98.3%	4
Cumberland RCC	34,677	89.8%	7
DPS Bangor	13,815	97.4%	7
DPS CMRCC	33,801	90.3%	8
DPS Houlton	29,406	98.8%	5
Franklin RCC	11,917	97.7%	6
Hancock RCC	16,881	98.3%	5
Knox RCC *	10,352	97.1%	6
Lewiston Auburn RCC	50,136	94.6%	5
Lincoln RCC	14,614	98.0%	5
Oxford RCC	23,842	97.1%	6
Penobscot RCC	65,039	83.2%	8
Piscataquis RCC	6,921	96.5%	6
Portland PD	62,012	67.0%	11
Sagadahoc RCC	12,764	99.0%	4
Sanford PD	27,310	96.6%	6
Scarborough PD	16,023	94.0%	6
Somerset RCC	22,706	98.2%	6
Waldo RCC	16,043	95.4%	6
Washington RCC	11,596	98.2%	5
Waterville RCC	17,978	98.2%	4
Westbrook RCC	15,984	95.8%	6
York PD	14,346	94.4%	7
Total Calls	**585,363**	**91.30%**	**6**

*Knox RCC count includes 5/1/2024 – 12/31/2024 only

12. CONSUMER ASSISTANCE

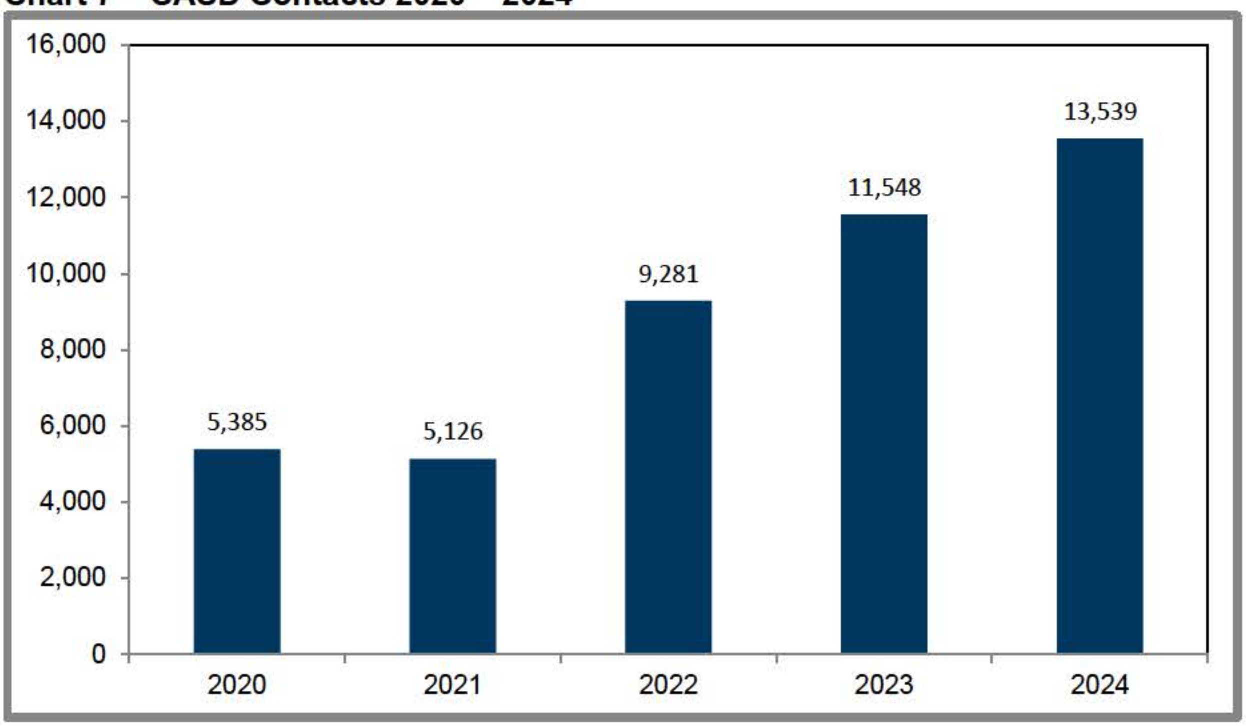
The Consumer Assistance section of the Consumer Assistance and Safety Division (CASD) is the Commission's primary link with utility customers. The CASD is charged with ensuring that consumers, utilities, and the public receive fair and equitable treatment through education, complaint resolution, and 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, rulemakings, and in other Commission proceedings.

CASD Contacts

The CASD tracks its contacts with both consumers and utilities, as detailed in Chart 7 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 13,539 consumer contacts in 2024.

Chart 7 – CASD Contacts 2020 – 2024



Consumer Complaints
As shown in Chart 8 below, the CASD received 1,741 complaints in 2024.

Chart 8 - Consumer Complaints 2020 – 2024

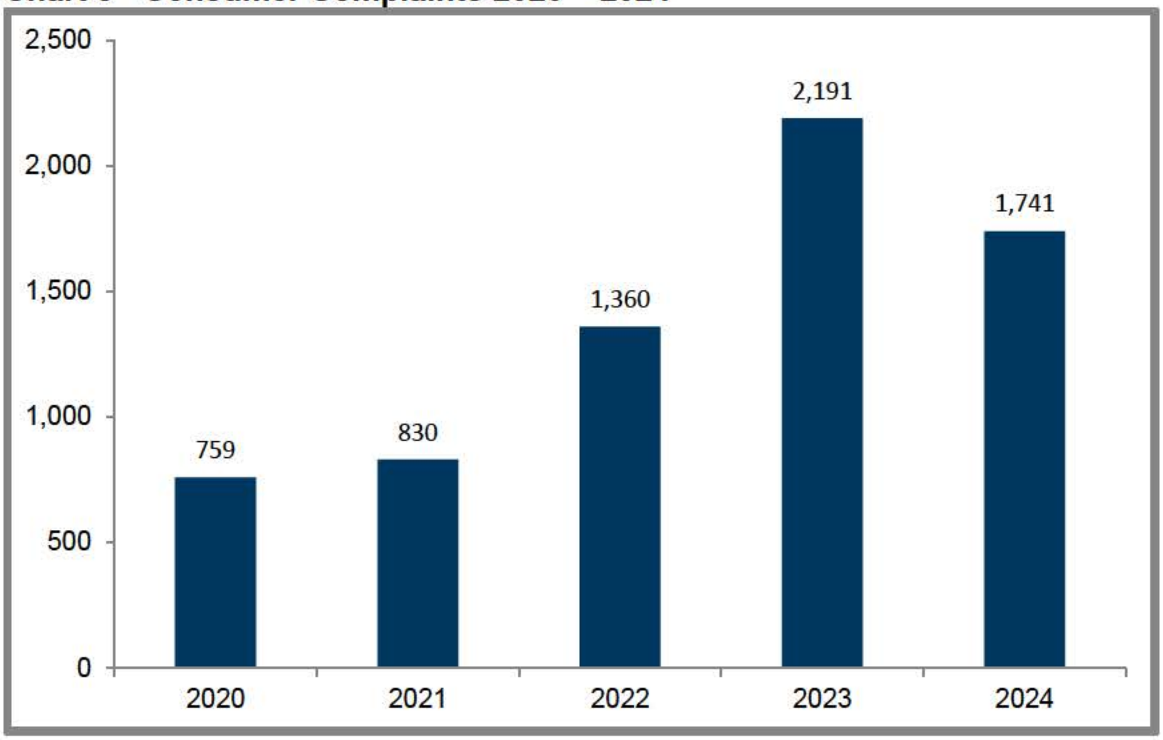
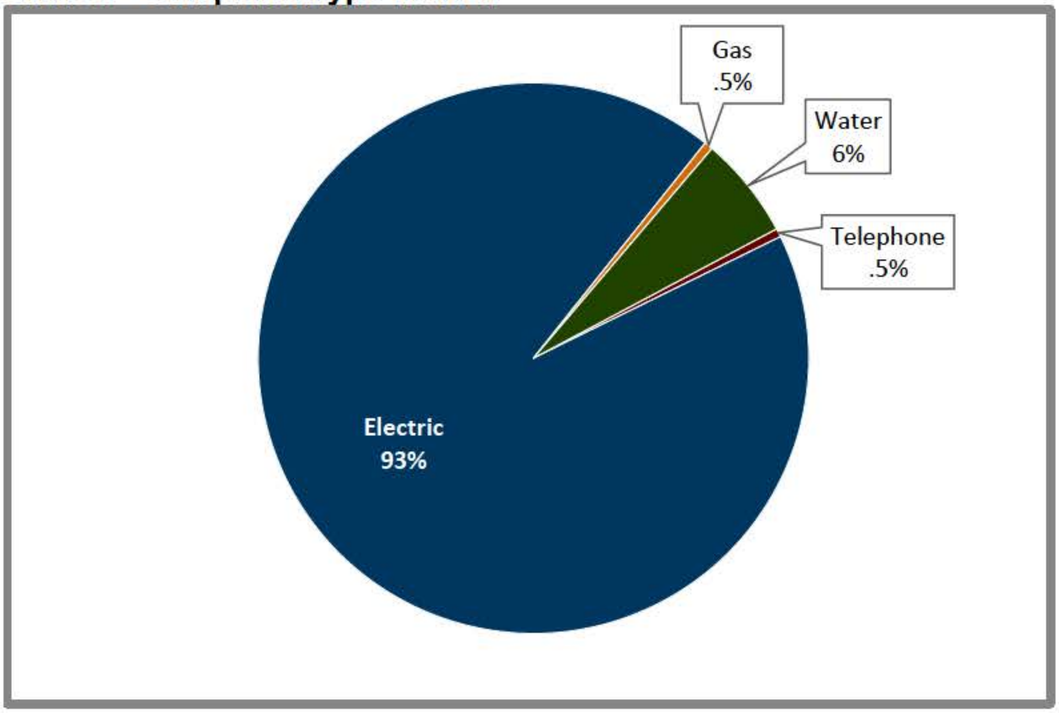


Chart 7 below breaks down complaints received by utility industry. Chart 9 shows that electric complaints represented 93% of complaints received by the CASD in 2024.

Chart 9 - Complaint Type in 2024



Refunds to Consumers

The CASD often obtains credits or refunds for customers as part of its resolution of customer complaints against utilities. In 2024, the CASD obtained $217,000 in refunds to customers.

Call Answer Time

In 2024, the CASD received over 11,000 calls on its Consumer Hotline and answered 90% of all calls within 30 seconds. The average call-answer time was 13 seconds. This is a significant achievement given the increase in contacts and complaints.

LOW INCOME PROGRAMS

While it is not the primary role of the CASD to enroll customers in low-income programs, staff does have the capability to do so. In 2024, the CASD managed 3,103 LIAP enrollment requests by electric customers.

Expansion of Low-Income Assistance Program

The Commission approved $22.5 million for its Low-Income Assistance Program (LIAP) in April for the 2024-2025 program year. This amount maintains the increase in program funding approved the previous program year. In addition, the Commission approved another temporary increase in the Federal Poverty Level (FPL) eligibility threshold for Department of Health and Human Services (DHHS) means-tested programs from 75 percent to 150 percent, increasing program eligibility to an additional 46,000 Mainers.

The Commission also decided to keep approximately $1.3 million in unused program funding in the LIAP fund for future program years, due to the fact that the $7.5 million contribution from the general fund is not expected to continue beyond the upcoming program year. The Commission anticipates alternative sources of funding for the program in upcoming years when funding from the General Fund runs out. This includes expired credits from Maines Net Energy Billing Program that can be utilized to help low-income customers. In 2024, CMP forwarded $2,283,126 and Versant forwarded $531,113 for a total amount of $2,814,239 forwarded to the LIAP.

LIAP helps qualified low-income electricity consumers pay for electricity costs and eligibility can be determined by local Community Action Agencies or through means-testing for DHHS programs. Those who qualify receive credit on their electric bill based on income and electricity usage.

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, which is shown below in Table 6. 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.

This assessment requirement was added to the LIAP reporting requirements in 2008 due to a problem associated with the provision of oxygen pump benefits. The problem resulted in some eligible customers receiving an oxygen pump benefit that exceeded the amount of the customer's entire electric bill. To address this issue, the Legislature adopted MSRA § 3214 (6)(C)), which requires the Commission to provide an assessment of whether the oxygen pump benefit and the ventilator benefit cover only those electric charges directly related to use of an oxygen pump or ventilator by the program participants. In response to this directive, the Commission revised Chapter 314 by reducing the estimated daily and monthly kWh consumption amounts used to calculate the oxygen pump/ventilator benefit and by prohibiting a benefit from exceeding the customer's total electricity usage. These changes have resolved the problem.

Table 6 – Program Statistics based on quarterly reports from electric utilities

Month	LIAP Program		Oxygen Program		Ventilator Program	
	Number of Participants	Benefit Amount	Number of Participants	Benefit Amount	Number of Participants	Benefit Amount
Oct 2023	7,529	$2,327,596	122	$56,716	1	$500
Nov 2023	13,230	$1,691,278	244	$65,458	-	-
Dec 2023	31,425	$3,291,064	371	$55,917	4	$1,712
Jan 2024	34,536	$3,565,175	756	$56,190	3	$469
Feb 2024	39,361	$1,428,080	1,127	$47,686	4	$946
Mar 2024	43,910	$1,410,269	1,461	$30,219	4	-
Apr 2024	45,629	$532,841	1,788	$29,150	7	-
May 2024	46,531	$301,596	2,136	$44,949	7	-
June 2024	47,081	$152,893	2,466	$19,457	8	$365
July 2024	47,096	$175,653	2,789	$61,438	4	-
Aug 2024	47,218	$70,880	3,117	$19,351	4	-
Sept 2024	47,413	$9,258,366	3,437	$35,298	4	$319
Total		**$24,205,692**		**$521,829**		**$4,312**

Intervenor Funding Rule

In May, the Commission adopted amendments to its Intervenor Funding Rule. The Commission initiated a rulemaking proceeding to comply with legislation that required expanding the funding to include non-adjudicatory proceedings, such as rulemakings and inquiry proceedings. The Commission believed this was important as these types of Commission proceedings can have an equal or greater impact on Maine citizens than adjudicatory proceedings.

This legislation (L.D. 395) also expanded funding sources for intervenor funding to include administrative penalties collected by the Commission. The amendments also include expanding funding to individuals or entities, referred to in the rule as participants, in a case rather than just intervenors.

The Intervenor and Participant Funding Rule establishes standards by which individuals and entities would be entitled to compensation for expenses of participating in certain proceedings, including attorney fees, expert witness fees and other reasonable expenses.
A participant or intervenor would be eligible for funding if:

- The position advocated by the participant or intervenor is not adequately represented by the Public Advocate or Commission Staff;
- Participation in the proceeding by the participant or intervenor would impose a substantial financial hardship on the participant or intervenor;

- The participant or intervenor is likely to substantially contribute to the proceeding and to assist in the resolution of the issues raised;
- The participant or intervenor complies with the eligibility determination requirements.

13. SUMMARY OF LAW COURT APPEALS

Industrial Energy Consumer Group's (IECG) Appeal of Commission Order on Stranded Cost Interclass and Intraclass Rate Design (*IECG v. PUC*, 320 A.3d 347, 2024 ME 60)

On April 21, 2023, the Commission issued an Order, finding that because all customers benefit from the policies of the net energy billing (NEB) programs (the NEB kWh Credit Program and the NEB Tariff Rate Program) including climate change mitigation, such costs should be allocated to all rate classes based on each class's proportionate kWh load share. The Commission found that traditional cost causation principles were not applicable when allocating policy-related costs. In examining how NEB costs should be recovered from within classes, the Commission looked at two options: a volumetric and fixed charge. In the April 21, 2023 Order, the Commission noted that a volumetric rate design results in costs largely being paid by customers that are non-NEB participants due to NEB program participants' ability to offset volumetric charges. The Commission therefore adopted a fixed charge for recovery of NEB costs to ensure that all customers pay NEB program costs.

The IECG appealed the April 21, 2023 Order to the Maine Supreme Judicial Court. The IECG argued that the allocation of NEB costs under the NEB Tariff Rate Program were preempted under the Federal Power Act. The IECG also argued that the Commission ignored traditional rate design principles, including the principle of cost causation, when it allocated NEB costs to all rate classes on a kWh basis. The IECG asserted that the Commission's decision was arbitrary because the Commission has no authority to allocate NEB costs on the basis of climate policy.

The Commission, the IECG, and the Office of the Public Advocate (OPA) participated in oral argument before the Law Court on May 8, 2024.

On August 8, 2024, the Court issued its decision, finding that the Commission's conclusion that traditional cost-causation principles are not applicable to the recovery of NEB costs was rational. The Court noted that NEB costs are not part of the cost of transporting electricity over the grid and the Court noted that IECG had not indicated with any specificity what a cost-of-service study would measure or achieve. The Court also rejected IECG's argument that rate allocation and design cannot be based on the concept that everyone benefits from climate change policies. The Court found that the Legislature expressly requires the Commission to consider policies to reduce greenhouse gas emissions. Finally, with respect to the IECG's argument regarding federal preemption, the Court concluded that the argument had not been sufficiently developed for the Court's review.

On August 20, 2024, the IECG appealed another Commission order related to stranded costs. Specifically, the IECG appealed the Commission's June 20, 2024 Order Approving Stipulation in Docket No. 2024-00078. Similar to the prior appeal, in this appeal (PUC-24-382), the IECG is arguing that the recovery of NEB Tariff Rate Program costs through stranded costs is a violation of federal wholesale power rate regulation. The appeal is on-going, and oral arguments have not yet been scheduled.

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 on 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 for fiscal years, July 1 to June 30.

In FY2024, 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 (E-9-1-1 Fund)

This fund had an unencumbered balance of $10,147,713 and an encumbered balance of $1,737,423 brought forward from FY2023. In FY2024 $7,427,489 was expended. An unencumbered balance of $10,196,038 and an encumbered balance of $1,590,711 were brought forward to FY2025. The E-9-1-1 surcharge collected in FY2024 was $6,544,326. The prepaid wireless fees collected in FY2024 were $862,257. The recommended E-9-1-1 surcharge is $0.35 per line in FY2025.

PUC Regulatory Related Accounts

Regulatory Fund
The authorized Regulatory Fund assessment for FY2024 was $12,399,720. An unencumbered balance of $2,101,187 and an encumbered balance of $1,498,077 were brought forward from FY2023. The Commission spent $12,540,485 in FY2024.

An unencumbered balance of $2,238,692 and an encumbered balance of $452,954 were brought forward to FY2025. The encumbered balances generally represent ongoing contracts.

Reimbursement Fund
In FY2024, the Commission collected $800 in filing fees and $625 in copying fees. Also, the Commission collected $299,500 in Digsafe Penalties, $15,000 in fines and $300,000 was collected for investigation in the Portland Natural Gas Case (Docket 2024-00072). An unencumbered balance of $883,389 and an encumbered balance of $159,713 were brought forward from FY2023. During FY2024, $100,604 was expended. An unencumbered balance of $728,328 and an encumbered balance of $139,621 were brought forward to FY2025. The Legislature authorized the Commission to transfer $690,934 in total to the Governor's Energy Office in Fiscal Year 2024.

The Budget in Perspective

In June 2024, the Legislature approved the Commission's biennial budget. Table 7 details the Commission's FY25 expenditure plan including position count, based on original work program.

Table 7 - FY2025 Work Program

Regulatory Fund	
Position Count	69
Personal Services	10,347,204
All Other	3,818,143
Capital	-
Total	**14,165,347**
Commission Reimbursement Fund	
All Other	**50,000**
Commission Damage Prevention	
Personal Services	58,934
All Other	1,066
Capital	-
Total	**60,000**
Oversight and Evaluation Fund	
All Other	**252,660**
Prepaid Wireless Fee Fund	
All Other	**1,992,409**
Emergency Services Comm. Bureau (E-911)	
Position Count	10
Personal Services	1,109,033
All Other	6,273,992
Capital	-
Total	**7,347,968**
Unused NEB Credits for Low-Income Assistance	
All other	**500**
Interconnection Ombudsman Fund	
Position Count	1
Personal Services	122,203
All Other	15,891
Total	**138,094**

The Regulatory Fund Assessment in Perspective

Table 8 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 FY2024 was $12,399,719.

Assessment breakdown by utility sector is described below in graph and Table 9.

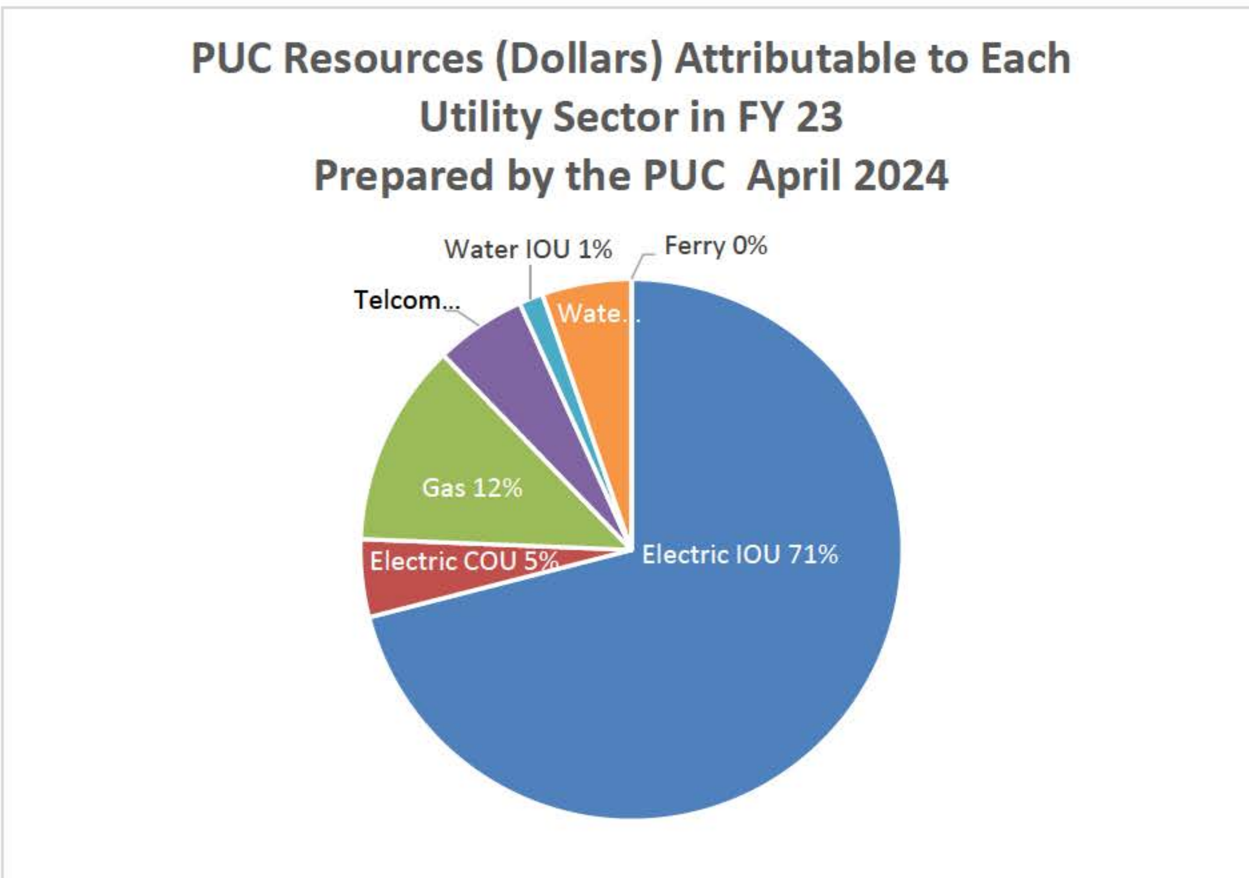
Table 8 - Regulatory Fund Assessments for the Past Five Years

Year	Electric Revenues	Telecom Revenues	Water Revenues	Gas Revenues	Water Carriers Revenues	Total Utilities Revenues	Amount Billed
2019	432,019,555	198,012,954	173,111,963	172,002,568	6,037,222	981,184,262	8,957,718
2020	440,030,482	153,789,147	162,436,723	147,950,803	6,037,000	910,244,155	9,400,542
2021	477,075,093	152,582,462	168,297,639	176,426,217	5,420,783	979,802,194	10,319,348
2022	476,198,138	152,296,497	169,820,139	182,389,888	4,765,072	985,469,733	11,259,250
2023	548,668,687	155,948,443	177,222,858	200,608,182	5,473,594	1,087,921,764	12,399,719

Table 9 – Total Assessment by Utility Sector

Sector	Assessment
Electric	9,378,657
Telecommunications	674,971
Natural Gas	1,506,008
Water	839,267
Water Common Carrier	816
Total	**12,399,719**

Chart 10



15. COMMISSIONER BIOGRAPHIES

Philip L. Bartlett II, J.D., was appointed to the Commission as Chair in June 2019 by Governor Janet Mills. Bartlett is also Governor Mills' appointed manager to the board of the New England States Committee on Electricity (NESCOE), and he serves on the Executive Committee of RGGI, Inc. as well as the Executive Committee of the New England Conference of Public Utilities Commissioners (NECPUC). He was also nominated by the National Association of State Regulatory Utility Commissioners (NARUC) to serve on the Federal and State Current Issues Collaborative (Collaborative).

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.

Patrick J. Scully, Esq. was appointed to the Commission in June 2021 by Governor Janet Mills. Prior to his appointment, Scully was employed with Berstein Shur, where he spent his 36-year career as a municipal, energy and utility regulatory attorney. He was named CEO of the firm in January 2014 and retired at the end of 2019. He has a BA degree from Dartmouth College with a major in Biology and Environmental Studies and he earned his JD degree, magna cum laude, from the University of Maine School of Law. He is recognized by Best Lawyers in America and Chambers USA for his energy law and administrative law work and is AV-rated by Martindale-Hubbell. His term expires in March 2027.

Carolyn C. Gilbert was appointed to the Commission in May 2023 by Governor Janet Mills. Prior to her appointment, she was a Managing Consultant at Daymark Energy Advisors where she worked with utility commissions across the country on renewable energy policy and economics. She began her career as a consulting environmental engineer for municipal water and wastewater utilities. Commissioner Gilbert has served as the Treasurer of the New England Conference of Public Utilities Commissioners (NECPUC), as a Director of the Northeast Power Coordinating Council (NPCC), and as the Maine Chapter Chair of New England Women in Energy and Environment (NEWIEE). Gilbert holds a Master of Business Administration from the Stephen M. Ross School of Business at the University of Michigan. She completed her undergraduate work at Dartmouth College and holds Bachelor's degrees in Engineering and Environmental Earth Sciences. Her term expires in March 2029.

16. PAST COMMISSIONERS

1915 – 2024

*	Benjamin F. Cleaves	1915-1919		Cheryl Harrington	1982-1991
	William B. Skelton	1915-1919	*	David Moskovitz	1984-1989
	Charles W. Mullen	1915-1916	*	Kenneth Gordon	1988-1993
	John E. Bunker	1917-1917		Elizabeth Paine	1989-1995
	Herbert W. Trafton	1918-1936		Heather F. Hunt	1995-1998
*	Charles E. Gurney	1921-1927		William M. Nugent	1991-2003
	Albert Greenlaw	1924-1933	*	Thomas L. Welch	1993-2005
*	Albert J. Stearns	1928-1934			2011-2014
	Edward Chase	1934-1940		Stephen L. Diamond	1998-2006
*	Frank E. Southard	1935-1953	*	Sharon M. Reishus	2003-2010
	C. Carroll Blaisdell	1937-1941	*	Kurt Adams	2005-2008
	James L. Boyle	1941-1947		Vendean Vafiades	2007-2012
	George E. Hill	1942-1953	*	Jack Cashman	2008-2011
	Edgar F. Corliss	1948-1954		David P. Littell	2010-2015
*	Sumner T. Pike	1954-1955		Carlisle J.T. McLean	2015-2017
	Frederick N. Allen	1954-1967	*	Mark A. Vannoy	2012-2019
	Richard J. McMahon	1955-1961		R. Bruce Williamson	2015-2021
*	Thomas E. Delahanty	1955-1958		Randall Davis	2017-2023
*	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			

*** Denotes Chairman**

17. SPECIFIC STATUTORY REQUIREMENTS

Table 10 below that illustrates where the specific statutory requirements for inclusion in the Commission's annual report can be located. It includes the requirements pursuant to 35-A M.R.S. § 120 and 35-A M.R.S. § 3805(1).

Table 10

Statutory Reference	**Statutory Requirement**	**Page**
§120(3)	Regional Issues-Electric	15
§120(7)(B)	Emergency response plans (Section 3144, subsection 5)	15
§3805(1)	Beneficial Electrification	15
§3217(4)	Direct Sales of electricity to commercial and industrial customers.	16
§120(6)(A)	Significant developments (§3195.) related to rate-adjustment and alternative rate mechanisms	18
§120(6)(B)	Alternative Rate-Making Mechanism Required Reporting 35-A M.R.S. § 4706 for Gas Utilities	22
§120(7)(E)	Assistance programs for low-income customers of gas utilities (§4706-B, subsection 4)	24
§120(7)(F)	Rate-adjustment mechanism for water utilities (Section 6102-A, subsection 2)	26
§ 7508(4)	Public Interest Payphones (PIP)	30
§120(5)	Telephone exemptions	31
§120(7)(A)	The performance of each of the public safety answering points in the State during the previous calendar year, including the results of the bureau's quality assurance program audits under section 2926, subsection 1-A and any recommendations of the bureau relating to the emergency dispatching standards, practices and procedures of public safety answering points	38
§120(7)(A)	9-1-1 Bureau's recommendations for amending	38

	existing and enacting new law to improve the E-9-1-1 system	
§120(7)(C)	Low Income Assistance Program, Oxygen Pump, and Ventilator Program participation information by month (Section 3214, subsection 6)	43
§120(1)(2)(2-A) and (2-B)	Budget; Various fees; Filing fees and penalties; Commission expenses; and planned expenditures related to Investor-owned and Consumer-owned utilities	46
§120(7)(A)	9-1-1 Bureau planned expenditures, use of funds previous year, 9-1-1 surcharges (Title 35-A, section 120, subsection 7)	46