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Chairman Lawrence, Chairman Berry and Members of the Energy, Utilities and Technology Committee,

I am Barry Hobbins, Public Advocate. The Office of the Public Advocate (“OPA”) is here to testify in strong support of LD 143, “An Act To Make the Arrearage Management Program Permanent.”

This bill makes permanent the provisions of law governing arrearage management programs implemented by investor-owned transmission and distribution utilities to assist eligible low-income residential customers who are in arrears on their electricity bills by eliminating the future repeal of these provisions. The present law requires that the Efficiency Maine Trust (“EMT”) work with utilities that participate in an arrearage management program. The goal of the prior legislation was to offer the program for an additional three years and became public law (Public Law 414 - “An Act To Extend Arrearage Management Program” - LD 1848) after a veto by then Governor Lepage was overridden.

Changes made to the Arrearage Management Program (AMP) through LD 1848 was a direct result of data analysis from the first three years of the Program. It was clear that participants would benefit from additional support in order for the program to be successful. Enhanced measures implemented through LD 1848 allowed program participants access to more support measures such as monthly financial counseling with the local community action agency and additional targeted offerings through Efficiency Maine Trust. This proposed bill, LD 143, requests that this program become permanent.

Even with these enhanced support measures, the program costs are relatively low. The

debt forgiven through AMP is debt that was on the books already and would have likely been recovered through rates when it was written off as bad debt in the future.

The primary goals of AMP are:

- Provide a pathway to avoid disconnection;
- Reduce bad debt, collection costs, and disconnection costs;
- Establish a positive, cooperative relationship with the utility;
- Help Efficiency Maine Trust connect customers using high amounts of electricity for targeted intervention; and
- Improve customer payment behavior.

It is important to remember that AMP participants are amongst the most vulnerable in society and it isn't always a matter of simply educating them on how to pay their bills on time. These individuals are often one crisis away from having to leave the program to deal with a more urgent household bill and this should be kept in mind when evaluating the program. Making the program permanent will help it achieve the potential for which it was created – to allow low-income customers who have fallen behind in their bills to lower their usage, to become current, and to avoid disconnection.

The fact that all involved AMP stakeholders are testifying in support of making the program permanent and none oppose this bill is significant.

The stakeholder process was very successful, and the participants included all of the electric utilities, the Office of the Public Advocate, the Maine Public Utilities Commission staff, the Community Action Program agencies, Maine Equal Justice Partners, Efficiency Maine Trust, and AARP. Stakeholders participated in the implementation of the program and had frequent meetings to assess its progress and suggest changes and adjustments for improved participant outcomes.

The program has taught us many things thus far. We assumed when the stakeholders and legislature created this program, and now we know, that the average household enrolled in AMP uses twice as much electricity each month as the average household in Maine. This high usage makes the monthly bill a burden for many program participants. Making this program permanent would allow for implementations of more energy-savings solutions that

would have a greater potential for lowering energy usage for program participants thus reducing their bills and making their bills more affordable.

Improvements made to the AMP program include additional programs by Efficiency Maine Trust that offer greater opportunities for electric energy-savings than were originally offered under the initial AMP. The Trust has offered educational information (energy-savings tips, referrals to energy efficiency programs); the Trust has indicated that if the program is continued on a permanent basis that they are prepared to continue to employ a more meaningful suite of energy-savings programs for AMP participants so that the potential energy-savings is substantially greater and can contribute to lowering bills.

Community Action (CAP) Agencies have offered to provide financial counseling and budgeting assistance to participants. The CAPs have entered into Memorandums of Understanding with both Versant Power and Central Maine Power to complete program enrollments and offer financial counseling to participants.

Other tools can also be used to help control usage. There is nothing to prevent utilities using any and all tools they have developed to keep individuals actively controlling their usage.

The OPA would like to thank Representative O'Conner and Representative Kessler for their continued support of AMP in their sponsorship of LD 143.

Thank you for your time, attention and consideration of this testimony. The Office of the Public Advocate looks forward to working with the Committee on LD 143, and will be present at the work session to assist the Committee in its consideration of this bill.

Respectfully submitted,



Barry J. Hobbins, Public Advocate