

September 18, 2026

Richard P. Hevey and Nora Healy
Presiding Officers
Maine Public Utilities Commission
18 State House Station
Augusta, ME 04333-0018

Maine Public Utilities Commission, Inquiry into Electric Delivery Rates Pursuant to An Act Regarding Energy Fairness (P.L. 2025, c. 588); Notice of Inquiry

Dear Presiding Officers Hevey and Healy:

Acadia Center and Natural Resources Council of Maine (“NRCM”) appreciate the opportunity to provide comments in response to the August 14, 2026, Notice of Inquiry (“NOI”) in docket 2026-00185, investigating possible improvements in electric delivery rates to meet the stated goals of Section 3 of “An Act Regarding Energy Fairness” (“Act”), (P.L. 2025, c. 588). Those goals include reducing customer costs, reducing the volatility of the delivery portion of the bill, and improving bill transparency.

Energy affordability is a highly salient issue, both nationally and in Maine.^{1,2} Maine has the 5th highest electricity rates of any state in the country, and the state’s LMI households have the highest energy burden of any state in the U.S.^{3,4} In this environment, it is critical that all possible measures for mitigating the affordability crisis be seriously evaluated, and our organizations appreciate that this Inquiry provides a venue for this examination.

As a first order issue, our organizations recommend that this inquiry proceed in pre-specified phases, the first of which should seek to scope this proceeding through identifying: 1) the root causes of bill unaffordability, 2) any other proceedings that address those root causes and thereby may need to be considered and sequenced in some way to provide a directionally holistic outcome, and 3) what relevant information the Maine utilities may need to provide. Without comprehensively addressing these issues in advance, our organizations are concerned that it

¹ Brian Kennedy & Emma Kikuchi, *Many Americans Hold Utility Companies Responsible for Their Rising Home Energy Bills*, Pew Rsch. Ctr. (May 6, 2026), <https://www.pewresearch.org/short-reads/2026/05/06/many-americans-hold-utility-companies-responsible-for-their-rising-home-energy-bills/>.

² CMP’s 2022 rate case received under 90 public comments, while CMP’s 2025 rate case received over 800. Kevin Hardy, *Rising Electric Bills Lead to State Scrutiny — But Little Relief for Residents*, Stateline (Dec. 10, 2025), <https://stateline.org/2025/12/10/rising-electric-bills-lead-to-state-scrutiny-but-little-relief-for-residents/>.

³ Maine’s residential electric prices averaged 29.67 cents per kWh in the first half of 2026, far above the national average of 18.16. U.S. Energy Info. Admin., *Electric Power Monthly, Table 5.6.B: Average Price of Electricity to Ultimate Customers by End-Use Sector*, https://www.eia.gov/electricity/monthly/epm_table_grapher.php?t=table_5_06_b (last visited Sept. 18, 2026).

⁴ Sierra Club, *Energy Burden*, <https://www.sierraclub.org/issues/climate/renewable-energy/energy-burden> (last visited Sept. 18, 2026).

will be difficult to fully understand the context within which any recommendations pursuant to the NOI will exist, both from a policy and a process perspective, and therefore to evaluate meaningfully what recommendations could or should be implemented and how.

However, in the interest of responding directly to the request put forward in the NOI, we offer the following recommendations with respect to the goals of the Act.

Containing Customer Costs

Time-of-Use Rates

Maine already has a valuable tool to contain customer costs on the delivery portion of the bill: time-of-use (“TOU”) rates. Both of Maine’s investor-owned utilities, Central Maine Power and Versant, offer time-of-use rates covering the delivery portion of the bill. While the 2025-00176 investigation into whole-bill time-of-use rates has not proceeded far enough to undertake a full evaluation as to the costs and benefits of the implementation of such a rate in Maine, there are examples of ex post analyses of TOU rates from other jurisdictions that found there were reasonable levels of beneficial structural and behavioral bill impacts (i.e., bill reductions both with and without load shifting).^{5,6,7} Secondly, much more work has been done to evaluate the effectiveness of TOU rates at shifting load off-peak, which reduces delivery costs by deferring the need for utility capital investment to meet higher local peaks or ameliorate grid stresses.^{8,9}

However, TOU rates in Maine are substantially underutilized by customers; by October 2025, Central Maine Power (“CMP”) had fewer than 1000 customers enrolled out of over 500,000, and, at the end of 2025, Versant had fewer than 700 enrollees.^{10,11} We recognize that there has been much work done at the Commission to investigate expanding TOU rates, but would reiterate statements previously made in docket 2024-00231: “Many of the grid

⁵ Customers in the Commonwealth Edison pilot of TOU rates in IL were found to on average save \$10.54 without behavioral changes. Resource Innovations, Inc. & Apex Analytics, LLC, *Residential Time-of-Use Pricing Pilot: Fourth Annual Evaluation Report and Final Pilot Report* (Jan. 31, 2025).

⁶ Customers in PECO’s TOU pilot in Pennsylvania were found to have reduced bills of about %5, largely attributable to behavioral changes. [Inside the surprising lessons from PECO’s time-of-use rate pilot | Utility Dive](#).

⁷ Approximately 2/3 of participants in a Maryland TOU pilot were determined to be structural winners and participants, including LMI participants, on average saved money. Nicholas Powers, Ahmad Faruqui & Ziyi Tang, *PC44 Time of Use Pilots: End of Pilot Evaluation*, The Brattle Group (Oct. 4, 2021), <https://www.brattle.com/wp-content/uploads/2021/12/PC44-Time-of-Use-Pilots-End-of-Pilot-Evaluation.pdf> at 50-51.

⁸ *Id.* at iii.

⁹ Ahmad Faruqui, Sanem Sergici & Ziyi Tang, *Do Customers Respond to Time-Varying Rates: A Preview of Arcturus 3.0*, The Brattle Group (Jan. 2023), <https://www.brattle.com/wp-content/uploads/2023/02/Do-Customers-Respond-to-Time-Varying-Rates-A-Preview-of-Arcturus-3.0.pdf>.

¹⁰ Central Maine Power Co., Comments on Straw Proposals, Docket No. 2025-00176 (Me. Pub. Utils. Comm’n Nov. 7, 2025) at 2.

¹¹ Notice of Investigation and Opportunity to Intervene, Docket No. 2025-00176 (Me. Pub. Utils. Comm’n June 20, 2025) at 2.

and consumer benefits that electric vehicles (EVs), heat pumps, and other distributed energy resources provide cannot be fully realized without the use of time-of-use and time-varying rates (TVR).¹² While the investigation in docket 2025-00176 into whole-bill TVR continues, our organizations recommend that attention and resources should be provided to facilitate the adoption of the existing TOU rates as a means to mitigate delivery bill costs, provide improved customer control over bills, and defray the maintenance and CAPEX costs that cause delivery rates to rise.

TOU rates also can improve bill transparency, in the sense that they provide a price signal that makes it clearer when energy is more or less expensive. With a price signal that 1) can be responded to and 2) more closely aligns with the actual cost a customer is imposing on the grid at a particular time, customers have greater control over their costs. While there is certainly a necessary education and adjustment period for ratepayers moving from static to more dynamic rates, and this needs to be handled with sensitivity, the ability to more easily control costs provides customers' insight into *why* their bills are what they are.

Utility Business Model Enhancements: TOTEX

While not a matter of rate design, delivery rates are fundamentally set in response to utility costs. Utilities have long-identified structural incentives to prefer to incur capital costs because they are able to recover a return on their capital expenditures, whereas operational costs are most often passed through without a return.¹³ This incentive is referred to as the Averch-Johnson effect. These CAPEX expenditures, in conjunction with the return the utility makes on them, comprise a substantial amount of the delivery portion of the bill.¹⁴

Fixing the CAPEX incentive, also referred to CAPEX/OPEX equalization, is critical; to do so, the Commission should consider implementing TOTEX, or total expenditures, ratemaking in the vein of the United Kingdom's RIIO regulatory model.¹⁵ In the alternative, a pilot of TOTEX, in which a limited set of capital investments that also incur operational expenses are used to evaluate the feasibility of larger scale implementation would be significantly beneficial. Such a pilot was implemented in Italy as a first step towards large-scale deployment of TOTEX across utility accounts.¹⁶ At minimum, the Commission should consider an investigation into the viability of TOTEX.

¹² Comments of Acadia Center, Docket No. 2024-00231 (Me. Pub. Utils. Comm'n Oct. 2, 2024) at 1.

¹³ See generally Averch, H., & Johnson, L. L. (1962). Behavior of the Firm Under Regulatory Constraint. *The American Economic Review*, 52(5), 1052–1069. <http://www.jstor.org/stable/1812181>.

¹⁴ RMI, *Rebalancing Return on Equity to Accelerate an Affordable Clean Energy Future* (2024), <https://rmi.org/resources/rebalancing-return-on-equity-to-accelerate-an-affordable-clean-energy-future/>.

¹⁵ London Economics International (LEI), Framework for Energy Innovation ("FEI") Presentation, Ontario Energy Board (Nov. 24, 2021), <https://www.oeb.ca/sites/default/files/FEIWG-Meeting9-presentation-LEI-Utility-Incentives-20211124.pdf>.

¹⁶ Kaja Rebane, Cara Goldenberg, David Posner, and Uday Varadarajan, *Making the Clean Energy Transition Affordable: How Totex Ratemaking Could Address Utility Capex Bias in the United States*, RMI, 2022, <https://rmi.org/insight/making-the-clean-energy-transition-affordable/> at 18.

TOTEX works by taking total utility expenses and dividing them into what is referred to as ‘slow money’ and ‘fast money’, at a preset capitalization rate. Then, slow money is treated like CAPEX and added to the rate base to earn a return, while fast money is treated like OPEX. In this way, the incentive to prefer CAPEX as a means to increase return vanishes.

While TOTEX has not been implemented in the U.S., the primary technical barrier appears to be concerns around interactions with GAAP-compliant accounting; however, it appears these concerns may not bear out in practice.¹⁷ While TOTEX on its own does not function as a cost containment, it does remove the preference for a capital solution to a problem that could be less expensively solved through a non-capital solution. To illustrate the issue: Maine’s NWA process, though it has resulted in \$17.4-21.9 million in net benefits since the program’s inception in Jan 2020, has led primarily to project deferrals rather than deployed NWAs.¹⁸ Fundamentally, when TOTEX is implemented in conjunction with cost containment mechanisms, such as those considered in docket 2025-00354, grid utilization can improve and delivery rates can decrease.

Utility Business Model Enhancements: Alternative ROE Evaluation and Competitive Direct Equity

As mentioned above, utility return on equity (ROE) makes up a substantial portion of the delivery rate charged to customers. Recent research has identified a decades-long pattern of ROEs being consistently authorized at levels exceeding the market cost of equity (COE) utilities face.¹⁹ COE is the return demanded by shareholders to invest in a particular company instead of a different, similarly risky investment—a number that is directly observable for firms that trade publicly, but that must be estimated for firms that are not publicly tradeable. State Utility Commissions around the country try to come to a reasonable estimation of COE, and this value is the authorized ROE.

However, when ROE exceeds COE, there are significant implications for utility decision-making and ratepayer wallets. First, this overestimation is what leads to the aforementioned Averch-Johnson effect, as an ROE set at exactly the COE would not create an incentive to prefer to spend on solutions that provide additional return. But while TOTEX, for instance, is an implementable accounting process, the accepted methods for estimating COE can provide a wide range of answers depending on inputs, which means it is exceedingly difficult to administratively set ROE exactly equal to the COE; therefore, this is not necessarily a reliable method for CAPEX-OPEX equalization.

More directly applicable, setting the ROE closer to COE reduces the cost to ratepayers of capital expenditures, which, in turn, should reduce the rates set for the delivery portion of the bill. Research has found that ratepayers

¹⁷ *Id.* at 7

¹⁸ Me. Non-Wires Alternative Coordinator, *Quarterly Report on Non-Wires Alternative Projects*, Q4 2025, Public Unredacted (Me. Off. of the Pub. Advoc. Feb. 6, 2026).

¹⁹ See generally Karl Dunkle Werner & Stephen Jarvis, *Rate of Return Regulation Revisited*, Energy Institute at Haas (Mar. 2025), <https://haas.berkeley.edu/wp-content/uploads/WP329.pdf>.

in the U.S. have overpaid on average \$7 billion a year in the last three decades, largely due to ROEs being higher than COEs.²⁰ Given that ROEs make up a substantial portion of the delivery bill, this overpayment bears close scrutiny. For example, expert testimony provided in CMP's 2026 rate case takes an alternate approach to estimating ROE by incorporating CMP's own corporate parent's cost of capital estimates into its ROE calculation and finds that an ROE of 5.64% would both be appropriate and yield \$62.2 million in savings to ratepayers relative to the company's request of \$189 million.²¹ If there is any possibility that this is even approaching directionally accurate, there is a serious possibility of systematic overcollection of utility profits.

To that end, and considering the difficulty of academically estimating an accurate ROE through financial models alone, the Commission should consider investigating whether a gap between market COE and authorized ROE is costing ratepayers unduly, quantifying such a cost if it exists, and identifying means to manage this gap. Other states have implemented similar measures to examine the possibility that utility ROEs are unduly costing ratepayers and evaluate potential solutions.²²

When ROE is directly equal to COE, a utility covers its capital costs without earning extra. In such a scenario, performance incentive mechanisms and service quality indicators can be pushed further to create meaningful policy- and service-oriented improvements because the rewards associated with meeting the metrics are relatively more valuable to the company. This reorientation provides structural alignment of utility incentives with preferred consumer and policy outcomes.

The Commission is not limited to relying on financial theory to evaluate ROE; another alternative method has been developed that would allow the market, which already determines the COE, to also set the ROE. Competitive direct equity (CDE) allows institutional investors to "bid against each other to provide capital to utilities in exchange for shares of their profits."²³ An auction for the right to provide capital creates a structure wherein there is no estimation of the COE—the winning bid is the market COE. Under a CDE approach, the Commission can be

²⁰ *Id.* at 7.

²¹ Testimony of Mark Ellis on behalf of CMP Ratepayers Unite, Docket No. 2026-0043 (Me. Pub. Utils. Comm'n Aug. 14, 2026) at 4.

²² The New Jersey Board of Public Utilities recently released an RFQ to "examine alternative utility business models as a mechanism to drive down electricity costs for New Jersey customers" that included explicit consideration for reducing ROE and opened a docket investigating the same question. The Massachusetts State Senate passed an energy affordability bill in which it required the Department of Public Utilities to investigate methods of setting ROE. See NJ Bd. of Pub. Utils., Press Release: NJBPU Takes a Step Forward to Modernize the Utility Business Model with Release of RFQ (Feb. 20, 2026), <https://www.nj.gov/bpu/newsroom/2026/approved/20260219.html>; NJBPU Docket No. EO26040117, https://publicaccess.bpu.state.nj.us/CaseSummary.aspx?case_id=2114273; and S. 3143, 194th Gen. Ct., Reg. Sess. (Mass. 2026), <https://malegislature.gov/Bills/194/S3143>

²³ Jordan McGillis & Mark Ellis, *Capital Markets Can Solve Surging Power Prices*, RealClear Energy (Oct. 8, 2025), https://www.realclearenergy.org/articles/2025/10/08/capital_markets_can_solve_surging_power_prices_1139860.html.

sure that the utility is receiving an ROE that appropriately reflects its risk. The Pennsylvania State House has already passed a bill instituting such a system that is currently awaiting action in the State Senate.²⁴

We recommend a trial of CDE, in which the Commission requires the utility to utilize competitive bidding for project-level equity for a specific capital project. A pilot would provide valuable insight into 1) the processes required to implement CDE, 2) any possible legal or structural barriers to scaling CDE up from a pilot, 3) the market appetite for such an opportunity, and 4) the market cost of equity for the utility.²⁵

A third alternative approach to relying on financial models that we believe the Commission should consider was also laid out in the aforementioned expert testimony in CMP's 2026 rate case. It recommends the Commission require:

First, that CMP file annually each estimate of the cost of capital for assets including its Maine operations that any entity in its ownership chain has determined in connection with audited financial statements, together with the derivation of each estimate and the basis on which each is stated. Second, that in any future proceeding in which CMP requests a return on equity, it file with its direct case a reconciliation of the return it requests to each of those estimates.²⁶

Unlike using financial modelling in a rate case, this method relies directly on evaluations of cost of capital done within a legal and market context in which there are significant ramifications for misrepresentation.²⁷

If the Commission identifies a need for a legislative directive on any these ROE reform issues, particularly CDE, our organizations recommend the Commission clarify as much in its final report to the Legislature—though we believe that these recommendations are within the Commission's purview to enact, legislative action like that in Pennsylvania would certainly complement any regulatory actions the Commission is able to take.

Public Financing for Transmission

Acadia Center recently released a report examining the feasibility of public financing for transmission for the New England states, as well as a legal analysis of what it would take to make public financing happen.²⁸ While

²⁴ H.B. 2224, Printer's No. 3646, 2025 Gen. Assemb., Reg. Sess. (Pa. 2025), <https://www.palegis.us/legislation/bills/text/PDF/2025/o/HB2224/PN3646>.

²⁵ Joint Comments of Climate, Energy Efficiency and Consumer Advocates, Docket No. 25-200 (Ma. Dep. Pub. Util's Apr. 14, 2026) at 30-31.

²⁶ Testimony of Mark Ellis, Docket No. 2026-0043, at 59.

²⁷ *Id.* at 59-60.

²⁸ Clean Air Task Force & Acadia Center, *A Smarter Way to Pay: Public Financing for Affordable Transmission Development in New England* (May 2026).

there are barriers, they are not insurmountable, and the potential upside to ratepayers is very large. The report considers:

A range of public financing options backed by project revenue bonds [that] can replace more expensive sources of private capital with lower-cost, tax-exempt public debt and equity, protecting ratepayers. For new transmission, these models can deliver more than \$8.3 billion in savings for customers, or a 43% reduction from business-as-usual financing. For rebuilds and upgrades of existing transmission lines, public financing models can deliver \$1.1 billion in savings, a 34% reduction in costs from the status quo.²⁹

The benefits to Maine ratepayers could be substantial. While the Commission may not have bonding authority, as a state agency and an authority on transmission in Maine, the Commission is able to investigate the implications of public financing in this proceeding and report to the legislature that public financing for transmission provides a valuable opportunity to reduce costs to consumers and should be considered seriously.

Standard Offer Service Procurement Reform

We recognize the Commission specified it was looking in this investigation at electric delivery rates and the delivery portion of the bill; however, it bears emphasis that supply rates and the supply portion of the bill, which is significant, also bear scrutiny. Recent research has identified that Maine ratepayers have paid, on average, \$12 a month for the last decade in risk premiums to electricity suppliers, totaling approximately \$1 billion.³⁰ Our organizations recommend opening an investigation into alternate procurement methods for standard offer service that can defray this cost to ratepayers.

Reducing Bill Volatility

Change Rates in the Shoulder Months

While utilities determine when to file for changes to their rates, the Commission has some ability to determine the timing whereby the rate change goes into effect. Section 309(2) of Title 35-A states “[W]hen a public utility changes its rates, tolls or charges pursuant to any provision of this Title, the commission may for billing purposes, order that the change be applied to some or all service reflected in meter readings on or after the effective date of the change, or to such other period as it determines just and reasonable.” Rate increases that occur abruptly or in the middle of peak heating and cooling seasons increase bill volatility and rate shock, as ratepayers have few methods to limit exposure to the increase or to act to lower bills in the months succeeding the increase.³¹ To limit

²⁹ *Id.* at 3

³⁰ Pat Knight et al., *Overcharged in New England*, Synapse Energy Economics, Inc. (July 23, 2026), https://www.synapse-energy.com/sites/default/files/Overcharged%20in%20New%20England%2025-099_o.pdf at 4.

³¹ See, e.g., James C. Bonbright, *Principles of Public Utility Rates* 291 (Columbia University Press, 1961).

volatility in rates as a matter of justness and reasonableness, it appears the Commission could use this authority to time rate changes to shoulder months when energy usage is lower and bill impacts will be less severe.

If the Commission believes that a legislative change is needed to clarify the extent to which it can use its authority for this purpose, the Commission should identify this need in its final report to the Legislature. It should be emphasized that, to the extent rate changes are deferred as a matter of timing, providing carrying charges would not be appropriate.

Fossil Fuel Exposure

Again, though the Commission did not identify supply costs as a matter for this inquiry, it bears stating that supply costs are a significant driver of volatility in electric bills because the New England grid runs substantially on gas, and gas prices are significantly volatile.³² Though it is not directly responsive to the issue of overreliance on natural gas, investigating alternate means of procuring default supply, as proposed above, may identify solutions for mitigate some of this volatility. Regardless, we urge the Commission to identify in its findings that fossil fuel-driven supply is a core driver of both affordability and volatility issues that will need to be addressed beyond the scope of this proceeding.

Conclusion

Our organizations reiterate our appreciation for the opportunity to provide these comments. The energy affordability crunch in Maine can be a life-or-death matter, so it is vitally important that this proceeding take seriously any solutions that may be both workable and successful. To best facilitate an exhaustive and practicable investigation into viable solutions to the affordability problem, we recommend phasing this investigation such that any other proceedings that may be implicated through the identification of the root causes of unaffordable energy may be successfully interwoven into this process, and so that the utility data necessary to perform actual analysis can be established and made available to the Commission and the stakeholders. While individual changes to rate design can improve affordability to some extent, this inquiry provides the opportunity to do a fulsome evaluation of larger systemic changes to utility incentive structures that can more holistically address the issue of unaffordable energy. Only with a holistic assessment of energy bill cost drivers and solutions will the most successful direction forward arise.

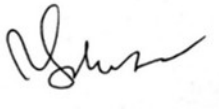
Respectfully submitted,



Noah Berman

³² Rhodium Group, *Caught in the Current: Historical and Prospective Drivers of Changes in US Electricity Prices* (Apr. 2026), <https://rhg.com/research/us-electricity-prices-drivers/>

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