

Referendum Question 3

Reality versus emotions

Question 3 - An alternative perspective

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Pursuit of Pine Tree represents an existential threat to climate and grid modernization goals.

Pine Tree claims sound great to (rightfully) angry voters but either have no analytical foundation or their foundation is deeply flawed.



We all agree utility performance is poor

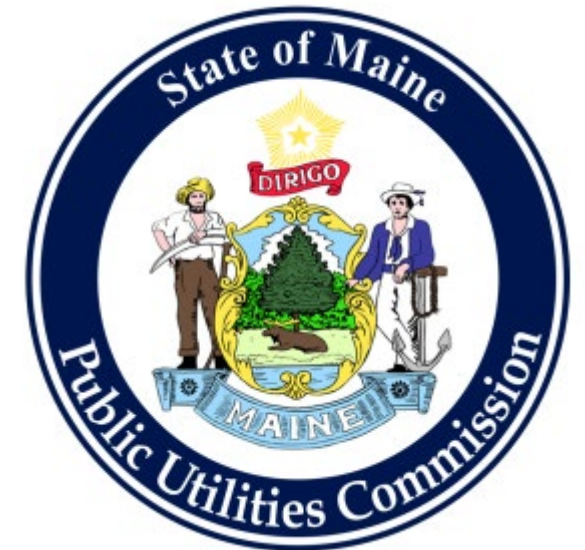
But it is a Self-Inflicted Wound

Performance-based ratemaking (PBR) is established in 13 states and about to be implemented in 5 more.

Maine has rejected performance-based ratemaking for the last 4 years because of Pine Tree Power proponents

The first step in PBR reform was passed early last year over Pine Tree objections- just taking effect now

This first step needs time to take effect and more reforms are necessary



Maine's climate and grid modernization initiatives would be indefinitely suspended



Pine Tree Power proponents' primary claims

Claim 1:

Since consumer-owned utilities, on average, have better reliability and lower costs than investor-owned utilities, changing the ownership of Maine's IOUs into a COU will result in improved performance.

Claim 2:

Pine Tree will save customers \$367 annually for 30 years, starting immediately.

Most voters are not equipped to discern fact from fiction.

So let's take a look behind the curtain.



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If we were creating a new utility, COU is the way to go. But we are not.

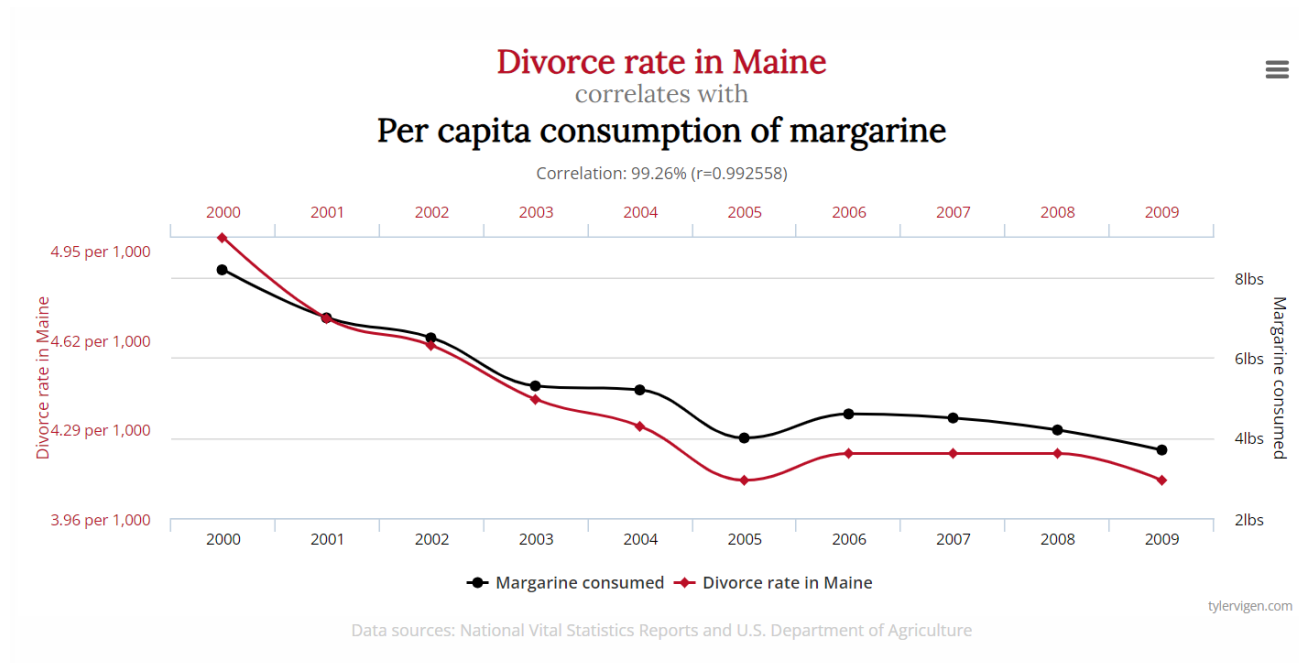
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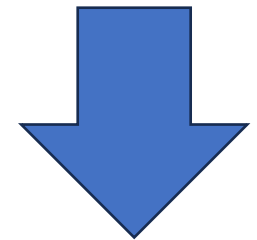
Why? Differences in infrastructure, management, service territories, number of customers, topography, added costs of takeover.

Reality:

There is only one consumer owned utility comparable to Pine Tree Power Company-

The Long Island Power Authority

- In 1985, NY State began takeover of LILCO to form LIPA
- **Thirteen years** later, in 1998, LIPA came into existence
- LIPA has been run under contract (just like Pine Tree Power proposes to do) by three different investor-owned utilities:
 - KeySpan Energy until 2007
 - National Grid until 2014
 - Public Service Electric and Gas since 2014



Long Island Power Authority

After 24 years of operation

- Residential rates are significantly higher than NY and NJ peers
- Commercial rates are near the highest in the country
- JD Powers consistently rates them at the bottom in their customer satisfaction index (just above CMP)

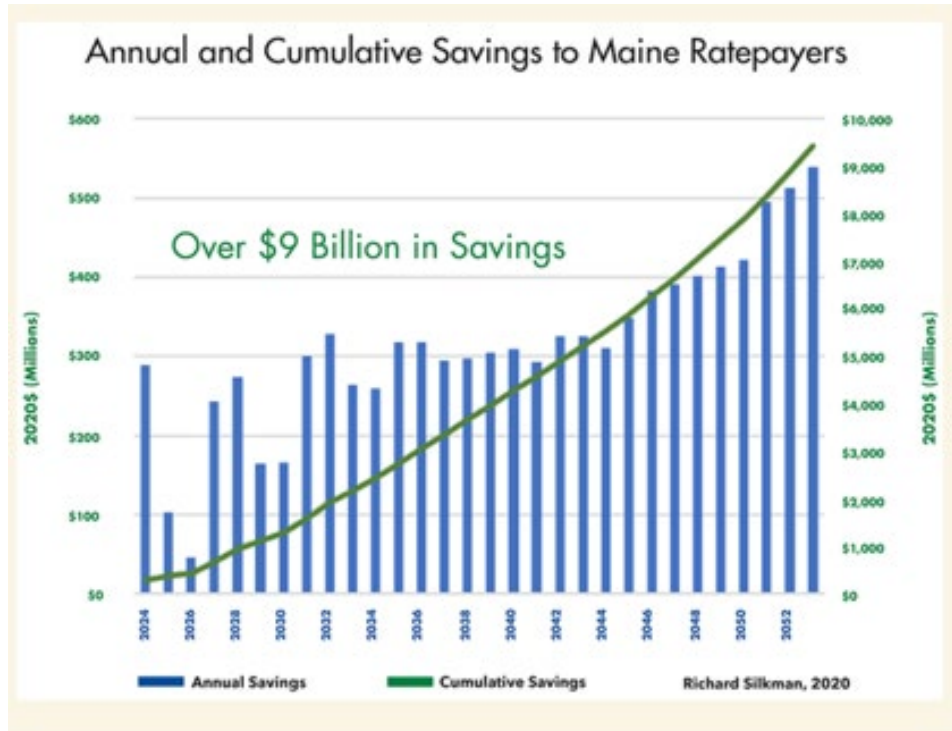
...and endless controversy and turmoil

- 2013 - LIPA Reform Act changes management and operator
- 2022 - study by Lazard for Long Island Association (Long Island's Chamber of Commerce) recommends returning LIPA to private, investor-owned utility
- 2022 - LIPA Legislative Commission recommends restructuring
- 2023- LIPA Legislative Commission recommendations on restructuring path rejected
- Public hearings continue
- Who knows what happens next?

Result: 37 years of ratepayer misery

Claim

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per year!

VOTE YES TO PINE TREE POWER

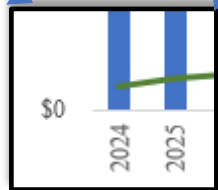
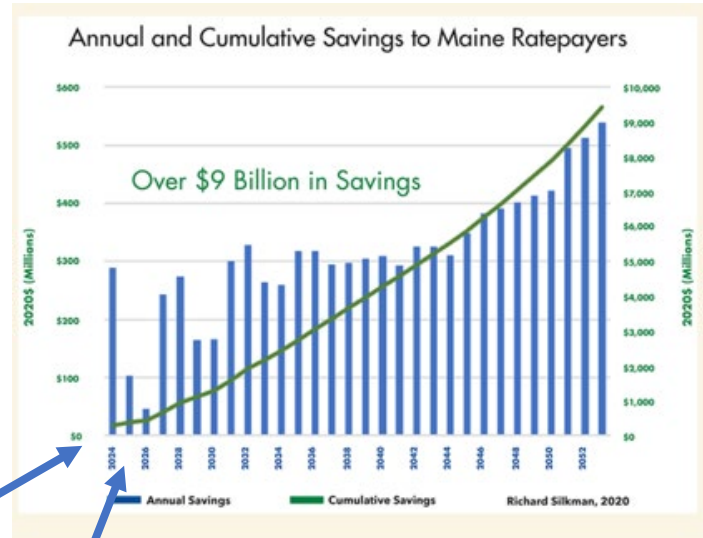
In 2022 alone, CMP & Versant took \$187 million from our communities and sent it to their distant, corporate shareholders while asking for 20% rate hikes.

THE PROFITEERING HAS TO STOP.

YES ON QUESTION 3

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YES ON QUESTION 3

PINE TREE POWER

Reality

- Pine Tree Power has never done their own current, peer reviewed economic analysis of its costs or benefits that also incorporates uncertainty
- 4 years ago, Legislature hired London Economics International (LEI) to compare forecasted rates for Pine Tree (then the MPDA) with those of the IOUs out 30 years.
- Pine Tree manipulated LEI's model, put in unrealistic assumptions and calculated \$9 billion savings over 30 years. \$367 is the annual, per customer result.
- LEI's – and Pine Tree's - outdated model hypothesized a future scenario than bears no resemblance to the one we are currently navigating – graph shows savings in 2024
- Cost savings from cheaper borrowing is overwhelmed by the existing costs Pine Tree assumes, paying the for-profit company to run it, and the mortgage from the buyout
- **Likely outcome:**
added costs to ratepayers between \$2 and \$5 billion

Ever single argument made by **Our Power is similarly afflicted.**

Are these arguments are just misinformed or are they misinformation?

The answer does not matter.

The relevant question is:

Would you trust your utility to a group that would make such arguments?

To Conclude

You can have a consumer owned utility, but it comes with **two conditions**:

- Suspend all grid related climate and modernization initiatives that touch the grid for as long as a decade until it is in place
- Pay a premium when it operates.

Passing the referendum might be **emotionally satisfying in the short term** but a **disaster for the State and our climate action plan for the long term.**

The regulatory path has its own set of uncertainties, will take time and will need further reforms, but it does not stall climate and grid modernization. It is the prudent path forward.

If regulation fails, we're no worse than today. If Pine Tree fails, welcome to Long Island.

Vote “no on Question 3, give regulation time to work, and let your legislators know you are counting on them to continue to modernize our grid and reform the ways utilities are regulated.