

Maine Mayors of Auburn, Augusta, Biddeford, Brewer, Gardiner, Lewiston, Saco, Sanford & Westbrook

October 24, 2023

Maine Mayors express concerns regarding “Pine Tree Power”

As Mayors of Maine’s cities of Auburn (Jason Levesque), Augusta (Mark O’Brien), Biddeford (Alan Casavant), Brewer (Souphan Phanthay), Gardiner (Patricia Hart), Lewiston (Carl Sheline), Saco (William Doyle), Sanford (Becky Brink) and Westbrook (Michael Foley), we write to express our concerns regarding the “Pine Tree Power” referendum question on the November 2023 ballot. If adopted, this referendum question would require the State of Maine to take over Central Maine Power and Versant Power and replace these entities with a quasi-governmental authority called “Pine Tree Power” -- and hand control of our critical electric grid to elected officials not qualified to run an electric system. We believe this proposal will result in substantial economic and service quality hardships for our residents and businesses.

We are particularly worried about Pine Tree Power’s multi-billion-dollar price tag to take over the assets of CMP and Versant, which some estimate could exceed \$13 billion. For the State to assume such a large debt and put Maine consumers on the hook for paying it, is concerning, and if approved by voters, will likely raise electric rates for Maine consumers for years to come.

We are also very concerned that the Pine Tree Power proposal will raise taxes or result in cuts to local services for Maine residents and businesses. Not only would Pine Tree Power be exempt from paying state income and sales taxes, the transition to Pine Tree Power also risks raising local property taxes on all Mainers. It is important for Mainers to understand that CMP and Versant are, by far, the State’s two largest property taxpayers, contributing well over \$90 million per year in property taxes – an amount that grows every year. For some municipalities, property tax payments from CMP and Versant amount to 10% or more of their local budgets.

While the Pine Tree Power referendum provides that the new quasi-governmental authority would be required to pay property taxes, we are painfully aware that this provision can easily be scaled back or eliminated in the future by the Maine Legislature – just as has frequently occurred with state support for school funding and municipal revenue sharing.

In the face of public pressure to lower rates, pay down debt, or meet unexpected financial constraints triggered by a storm or other unexpected catastrophe, the Maine Legislature could readily eliminate the requirement that Pine Tree Power pay taxes. That is precisely what happened in New York with the Long Island Power Authority, the only electric utility in the continental US that is structured like Pine Tree Power. In Long Island, the Power Authority was initially required to make property tax payments to municipalities, but to reduce the Authority’s heavy financial burden on electric consumers, the New York State Assembly later changed the law to scale back these tax payments – which forced property taxpayers to pay more in taxes to avoid cuts in services.

If Pine Tree Power were to follow the lead of Long Island and reduce or eliminate property tax payments, our cities would be left to make up the difference through property tax increases, cuts in services, or both. That is a risk we are seriously worried about.

The Maine Office of the Public Advocate recently released a report that suggested Pine Tree Power is also very likely to trigger many years of costly litigation, which is exactly what has happened elsewhere when government takeovers of electric systems have been proposed. The net effect is that Maine will likely fall behind on necessary investments in grid reliability, beneficial electrification, and grid modernization needed to interconnect new renewable energy facilities to the electric grid – all to the detriment of our cities, our residents, our businesses, and our environment.

Pine Tree Power represents one of the most significant, costly, and risky proposals Maine voters have ever considered. We urge you to take our concerns into consideration when you vote in November.