



State of Maine
Office of the Public Advocate
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Paul R. LePage
GOVERNOR

Timothy R. Schneider
PUBLIC ADVOCATE

March 10, 2015

RE: Office of the Public Advocate Biennial Budget

Dear Senator Woodsome and Representative Dion,

I. Overview of the Office of the Public Advocate

The Office of the Public Advocate was created by the Maine Legislature in 1981 to “represent the using and consuming public” in recognition that most utility ratepayers do not have the time, resources or expertise to participate in proceedings that determine the cost and quality of the services they receive from electricity, telecommunications, natural gas and water utilities. The Office of the Public Advocate represents those interests: before the Commission, the Legislature, the courts, federal regulators, and the regional bodies such as ISO New England that increasingly drive our electricity rates. We also provide information to the public to help them make informed decisions about increasingly deregulated and complex markets.

In addition to me, our office has four attorneys, who are supported by three experienced staff, and by consultants who provide expertise in engineering, accounting, and finance under contract as needed in individual cases. This combination of a core legal staff supplemented by on-demand expertise allows our office the flexibility to respond to the diverse mix of cases and issues that we face. Our office handled more than 110 cases in FY

2014.

As I will discuss in greater detail later, in October 2014 we also added a Consumer Advisor, who provides assistance to citizen litigants before the Commission, coordinates our responses to consumer complaints, and develops information to assist utility consumers. The addition of the Consumer Advisor brings our total head count to 9, one below the statutory limit in 35-A M.R.S. § 116(8).

Our funding comes from an assessment on the more than 200 regulated utilities providing electric, ferry, gas, telephone, and water services in Maine. Once the Legislature and Governor approve our budget, we are authorized to assess each of these utilities for a share of our authorized budget. The allocation to each type of utility is based on the proportion of our staff time and consultant budget devoted to each industry for the previous year. For example, in 2014, 53% of our staff time and consultant budget was devoted to electric utility matters, so 53% of our FY 2016 budget will be collected from electric utilities and their customers. Once these industry-specific amounts are determined, each utility pays its share based on their proportional share of their gross intra-state operating revenues for that type of utility in Maine.

Traditionally our office has measured its effectiveness in terms of ratepayer savings attributable solely to OPA advocacy before state and federal regulators. Last year, we estimated these savings to be approximately \$17.3 million, or more than \$10 in ratepayer savings for every dollar expended to support our office.

II. Biennial Budget Summary

The Office of the Public Advocate's Department Summary appears on page A-244 of the Part A budget document.

The Office of the Public Advocate's budget is currently \$1,676,660 for FY 2015. The budget I am presenting to you increases this budget to \$1,840,659 in FY 2016 and \$1,812,354 in FY 2017.

Initiative 1: Consumer Advisor

The largest single initiative is the addition of the Consumer Advisor position to our office. The position was established in response to OPEGA's recommendation in their 2013 report on the Public Utilities Commission that the Commission and the Public Advocate explore ways to facilitate consumers' ability to effectively represent themselves in proceedings before the Commission. The Governor established the position in our office by Financial Order 002437, with the understanding that our office would fund the position through existing funds for FY 2015. This was possible due to an anticipated reduction in consultant expenses in FY 2015 due to the timing of several major utility rate cases in the previous fiscal year. The cost of this initiative is \$111,749 in FY 2016 and \$109,858 in FY 2017.

Initiative 2: Rent Increase

Rent for our office space in Hallowell will increase by \$4,725 annually beginning in January 2016. We are currently five years into a ten-year lease, and this rate will remain constant for the next five years. The cost of this initiative is \$2,363 in FY 2016 (reflecting a partial year's payment) and \$4,725 in FY 2017.

Initiative 3: New Printer

Our previous printer had served our office faithfully for more than a dozen years, but was rendered obsolete by OIT's recent upgrade of our office to Windows 7. We salvaged a

partially broken but still functional printer from the Bureau of Professional and Financial Regulation in its place, but this printer is expected to be incompatible with planned future OIT upgrades. We have included \$10,000 in FY 2016 to purchase a new printer.

This concludes my testimony. I look forward to answering any questions you may have.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Timothy R. Schneider".

Timothy R. Schneider
Public Advocate

cc: Energy, Utilities and Technology Committee