



STATE OF MAINE
PUBLIC UTILITIES COMMISSION
242 STATE STREET
18 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0018

SHARON M. REISHUS
CHAIRMAN

VENDEAN V. VAFIADES
JACK CASHMAN
COMMISSIONERS

May 8, 2009

Senator Philip L. Bartlett II, Chair
Representative John L. Martin, Chair
Joint Select Committee on Maine's Energy Future
100 State House Station
Augusta, ME 04333-0100

Dear Senator Bartlett and Representative Martin:

The Public Utilities Commission (PUC) has had an opportunity to review the recent draft Committee bill proposed by Senator Bartlett of An Act Regarding Maine's Energy Future. The PUC is writing to comment on Part F (Transmission Corridors) of the bill. Part F would create a Commission to Study Energy Infrastructure. The corridor commission would examine the feasibility and effects of state-owned lands or assets "corridors" for the installation of energy infrastructure. This corridor commission is required to develop a recommended plan governing such agreements that includes appropriate valuation, pricing and allocation methodologies. The corridor commission's charge goes further to include an examination of the development of renewable resources and other energy projects, the monitoring of federal energy legislation, and a consideration of proposed energy infrastructure and transmission projects. Part F also prohibits state authorities from entering into agreements for the use of state corridors until the Legislature approves a plan (with an exception for projects pending before the PUC on April 1, 2009).

The PUC certainly recognizes the Legislature's prerogative to examine any issue of public interest, and a consideration of valuation, pricing and allocation methodologies to maximize the efficient use of state lands and assets is clearly appropriate. However, the PUC has concerns regarding the breadth of the examination as it may conflict with regional planning efforts and increase the likelihood of federal intervention in Maine's and New England's efforts to develop alternative resources and eliminate our over-reliance on fossil fuels.

As the Committee is aware, at the request of Governor Baldacci and other New England governors, the ISO-NE recently undertook the task of creating a "Blueprint" for the development and integration of energy infrastructure for the region. (*The New England States Regional Energy Blueprint*) There will be broad stakeholder involvement in the blueprint, including by regional groups such as the NECG, NECPUC, NESCOE, as well as by individual states including Maine. We expect the Blueprint to show that the Northeast has sufficient resources and a coherent development strategy to meet state and federal policies for development and transmission of renewable resources. To the extent that the corridor



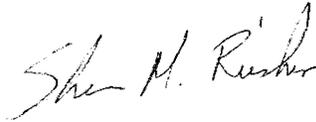
May 8, 2009

commission is tasked with studying and making findings about similar issues, there could be a duplication of effort and potential conflict with the Blueprint, leading to possible barriers to or delays in renewable resource and infrastructure development and inviting federal intervention in decisions about these issues.

The PUC has also reviewed a revised version of Part F submitted by Representative Martin. This revised version would significantly expand the role of the corridor commission to include an examination of transmission lines greater than 50 miles and their impacts on renewable energy, liquefied natural gas terminal and other energy infrastructure development regardless of whether such development implicates the use of state-owned land or other assets. The examination would also include an examination of the role of Maine in regional, national and international energy markets and an evaluation of the need for changes to Maine's regulatory system and methods of taxation. The expanded scope of the revised version enhances the concerns as stated above.

The PUC would be happy to discuss this matter further at the convenience of the Committee.

Sincerely,

A handwritten signature in cursive script that reads "Sharon M. Reishus". The signature is written in dark ink and is positioned below the word "Sincerely,".

Sharon M. Reishus
Chairman