

March 10, 2014

Harry Lanphear, Administrative Director
Maine Public Utilities Commission
State House Station 18
Augusta, Maine 04333-018

Re: Ten Person Complaint Against Iberdrola, S.A., Iberdrola USA, Central Maine Power Company, and Maine Natural Gas, Inc. for Unreasonable Practices and Acts (35-A M.R.S.A. § 1302(1))

Dear Mr. Lanphear:

Attached for filing, pursuant to 35-A M.R.S.A. § 1302(1), please find a Ten Person Complaint Against Iberdrola, S.A., Iberdrola USA, Central Maine Power Company, and Maine Natural Gas, Inc. for Unreasonable Practices and Acts.

Should you have any questions or concerns, please do not hesitate to contact me.

Very truly yours,



Anthony W. Buxton

AWB:mao

Attachment

cc: William R. Stokes, et al.

March 10, 2014

TEN PERSON COMPLAINT
AGAINST IBERDROLA, S.A., IBERDROLA USA, CENTRAL MAINE POWER
COMPANY, AND MAINE NATURAL GAS, INC.
FOR UNREASONABLE PRACTICES AND ACTS
(35-A M.R.S.A. § 1302(1))

NOW COME the undersigned individuals (collectively the Petitioners), each of whom is a citizen of the State of Maine, a ratepayer of Central Maine Power Company and a person aggrieved by the unreasonable acts and practices of Iberdrola, S.A. ("Iberdrola"), Iberdrola USA, Central Maine Power Company ("CMP"), Maine Natural Gas, Inc. ("MNG"), and hereby request, pursuant to 35-A M.R.S.A. § 1302(1), that the Commission open an investigation regarding the unreasonable acts and practices of CMP, its parent, Iberdrola, S.A., Iberdrola USA, a United States holding company, and their affiliate, MNG, described herein and grant such relief as is necessary and appropriate to remove the causes of this complaint and to prevent the repetition of this and similar actions.

As described in more detail in the enumerated paragraphs below, Petitioners believe that CMP has violated the Commission's requirements regarding the maintenance of effective firewalls between CMP, a monopoly transmission and distribution utility, and MNG, its affiliated natural gas distribution company which operates in a competitive retail environment. Specifically, during a period of intense competition between MNG and Summit Utilities of Maine, Inc. ("Summit"), CMP has actively interceded in the competition in numerous known and possibly unknown ways to assist MNG. These actions have culminated recently in CMP taking retaliatory legislative actions, inconsistent with its positions taken prior to the competition between Summit and MNG, with a purpose of punishing the City of Augusta, a CMP ratepayer, for its alleged failure to favor MNG in its competition with Summit. These acts clearly demonstrate that the Commission was correctly concerned in its original orders pertaining to MNG about abuse of the affiliate relationship between and among Iberdrola, S.A., CMP and MNG. Petitioners believe CMP's recent actions violate the Commission's prohibition of the use by CMP of its position as a monopoly transmission and distribution utility to assist MNG in competitive situations. Further, Petitioners believe the actions by CMP, MNG, Iberdrola USA and Iberdrola violate the letter and spirit of the Commission's order admonishing CMP "that transactions of affiliates should be conducted at arms' length to ensure fairness and the appearance of fairness to all parties."¹

The actions of CMP described below violate the letter and intent of legislation adopted by the Maine Legislature with regard to transactions and relationships between regulated utilities and their affiliates, as provided in 35-A M.R.S.A. §707. Furthermore, the first paragraph of Section 713 of Title 35-A states as follows:

¹ See, e.g., CENTRAL MAINE POWER COMPANY AND CMP NATURAL GAS, LLC, Request for Approval of Affiliated Interest Transaction, Sale of Assets (Property), Docket No. 1999-739, Order (February 18, 2000).

A utility may not charge its ratepayers for costs attributable to unregulated business ventures undertaken by the utility or an affiliated interest. The commission shall allocate, between a utility's shareholders and ratepayers, costs for facilities, services or intangibles, including good will or use of a brand name, that are shared between regulated and unregulated business activities. The commission shall also attempt to ensure that the utility or the affiliated interest does not have an unfair advantage in any competitive market as a result of its regulated status or its affiliation with a regulated utility.

Pursuant to this legislation the Commission adopted Chapter 820 of the Commission's Rules, which is also violated by CMP's actions. In particular, Section 8(C) of Chapter 820 states as follows:

The utility may not act in preference to its affiliate or affiliates in providing access to utility facilities or services or in influencing utility customers to use the services of its affiliates.

Petitioners respectfully request that the Commission order CMP to cease and desist in its support of LD 1754, levy appropriate financial penalties against CMP, order that Iberdrola divest either CMP or MNG to protect Petitioners and other customers against such unreasonable and unjust discriminatory acts, investigate the nature and extent of CMP's actions to assist its affiliate, MNG and to harm competitors to MNG, including those described herein, levying appropriate financial penalties against CMP and MNG, and grant such other relief as it deems appropriate.

In support of this Complaint, Petitioners state as follows:

1. Iberdrola, S.A., is an international energy company, chartered in Spain and with its principal place of business in Bilbao, Spain. Iberdrola, S.A. owns Iberdrola USA, CMP and MNG.
2. Iberdrola USA is a holding company with executive responsibilities dealing with the ordinary direction and the effective management of the business of its group of companies, including CMP and MNG.
3. CMP is Maine's largest transmission and distribution utility, serving approximately 590,000 customers, whose principle place of business is located in Augusta, Maine. CMP is owned entirely by Iberdrola, S.A.
4. MNG is a Maine natural gas utility engaged in the business of the sale and distribution of natural gas in southern Maine. MNG is owned entirely by Iberdrola, S.A. In August 1998 in Docket No. 96-786 the Commission authorized MNG's predecessor, CMP Natural Gas, to furnish natural gas service in 35 municipalities in Maine, including the greater Augusta area, the greater Waterville area, the greater Bangor area, the

Bath/Brunswick coastal area, the Windham area and Bethel. Until recently, MNG had undertaken to provide service only in Windham and the Bath/Brunswick area.

5. In 2011, Kennebec Valley Gas Company, LLC announced plans to seek authority to provide natural gas service at retail in the Kennebec River Valley from Pittson to Madison, Maine. Subsequently, MNG announced intent to provide retail natural gas service in Augusta and possibly other communities and to build a transmission line from Windsor, Maine to Augusta. For some time, competition between Kennebec Valley Gas Company and MNG focused primarily on which utility would serve the large gas demand of the State of Maine's Augusta complexes. In May of 2012, Summit purchased the assets of Kennebec Valley Gas Company and announced its intent to provide widespread retail natural gas service in communities from Pittson to Madison.
6. With the Summit purchase, competition intensified between MNG and Summit, particularly in the Augusta area. Please see Exhibit A, copies of Kennebec Journal articles about the competition between Summit and MNG.
7. Upon information and belief, certain CMP executives, including CMP President Sara Burns, actively assisted MNG in the acquisition of customers and other competitive matters. For example, the CMP President Burns on several occasions, at least, accompanied MNG executives in making in-person sales visits to customer premises. Upon information and belief, potential customers were informed both implicitly and explicitly that MNG would be a reliable utility in part because of its relationship with CMP. CMP's regular lobbying firms were deployed to assist in the competition against Summit and met frequently with CMP officials and others during this effort.
8. In February, 2013, the Augusta City Council voted to conduct a competitive solicitation to select a supplier of natural gas to City facilities.
9. On February 14, 2013, prior to a meeting of the Augusta Board of Trade, Sara Burns, President of CMP, confronted William Bridgeo, City Manager of the City of Augusta, complaining of the City Council's decision to conduct a competitive solicitation, claiming that 'we' were here first" and reminding him that CMP was the largest taxpayer in the city.
10. Later in the day of February 14, 2013, Sara Burns, President of CMP, contacted William Stokes, Mayor of the City of Augusta, by telephone. In that telephone conversation, President Burns severely criticized City Manager Bridgeo for recommending that the City conduct a competitive solicitation, and suggested City Manager Bridgeo had a vendetta against CMP and/or Maine Natural Gas.
11. CMP President Sara Burns holds no position with MNG; Ms. Burns is not an employee, officer or director of MNG. Ms. Burns did not present herself to Mr. Bridgeo and Mr. Stokes in any capacity other than as President of CMP.

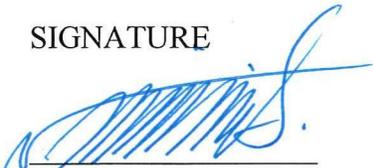
12. During the Summer and Fall of 2013, MNG engaged in negotiations with the Augusta Parking District, an independent quasi-municipal entity, regarding the acquisition of an easement for an MNG pipeline.
13. During the early Fall of 2013, CMP President Sara Burns telephoned John Finnegan, Chairman of the Augusta Parking District, to express her displeasure with the handling of the negotiations between MNG and the City of Augusta. President Burns claimed that the price being requested by the City was excessive, and further that other municipalities provide such easements at no cost.
14. During the Fall of 2013, the City of Augusta retained a natural gas consultant and conducted a competitive solicitation for the selection of a supplier of natural gas for City facilities.
15. Following the City Council's decision during the 2013 competitive bid process to allow bidders to update their pricing proposals, MNG purchased a full page advertisement in the Kennebec Journal, a copy of which is attached, criticizing the City and calling the City administration "shameful." A copy of this advertisement is attached hereto as Exhibit B. Similar sentiments were expressed in person to the City Council at public hearing by Mr. David Allen, CMP's registered State House lobbyist. MNG then withdrew its bid from the City's competitive solicitation.
16. On July 18, 2013, the Augusta City Council voted to select Summit to provide natural gas service to City facilities after MNG withdrew its bid on July 16, leaving only one remaining bidder.
17. On or about November 14, 2013, CMP employee Karen Greenacre informed Ralph St. Pierre, Assistant City Manager of the City of Augusta, that CMP would no longer be paying excise taxes on vehicles to the City of Augusta in the same manner as it had in the past. More specifically, CMP would end its practice of paying the City of Augusta excise tax on all of its vehicles whether or not they were permanently located in Augusta. Ms. Greenacre stated to Mr. St. Pierre that the decision to change the payment location was for "political reasons." A copy of a contemporaneous email sent by Mr. St. Pierre to Ms. Greenacre confirming the conversation is attached hereto as Exhibit C. The City has received no contradiction of Mr. St. Pierre's confirming email.
18. The City subsequently reminded CMP that Maine law requires CMP and similar utilities to pay excise tax for all of their vehicles in the municipalities in which their principal place of business is in Maine. See 36 M.R.S.A. § 1484 (3)(c)(2), a copy of which is Attached as Exhibit D. The City further reminded CMP that, as recently as 2011, CMP had testified against changing such legislation.
19. In February of 2014, CMP caused the introduction of proposed legislation under the title, "An Act To Amend the Laws Governing the Location of Motor Vehicle Excise Tax Collection for Motor Vehicles Owned by Public Utilities". CMP's proposed legislation

was subsequently printed by the State of Maine Legislature as LD 1754, a copy of which is attached as Exhibit E.

20. CMP's LD 1754 proposes to amend Maine law to allow CMP to eliminate its excise tax liability to the City of Augusta and instead to pay excise tax to any other municipality where CMP has a permanent place of business where its motor vehicles are "customarily kept."
21. Legislation identical in principle to L.D. 1754 has been introduced and defeated in previous legislative sessions. CMP has consistently opposed such legislation, most recently in 2011, on the grounds that it would be more expensive and administratively burdensome than existing Maine law. See Exhibit F, CMP's 2011 (125th Maine State Legislature), legislative testimony with regard to LD 117, opposing such legislation.
22. The statutory change CMP's legislation proposes would increase, not decrease, CMP's cost of paying excise tax on its vehicles. See Exhibit G, Memorandum from Assistant Augusta City Manager, Raphael St. Pierre.
23. CMP's promotion of LD 1754 is clear and unambiguously in retaliation for certain natural gas-related decisions of the City of Augusta and the independent Augusta Parking District. CMP is prohibited by law and Commission order from taking any action to assist its affiliate MNG in competing in provision of retail natural gas service. Further, CMP is prohibited from taking actions, such as retaliation for decisions affecting MNG, which create the appearance of unfairness, as a transmission and distribution utility affiliated with MNG.
24. Title 35-A M.R.S.A. §707 prohibits utilities from making "any contract or arrangement for the furnishing of management, supervision of construction, engineering, accounting, legal, financial or similar services" without first obtaining Commission approval.
25. The actions taken by CMP and by CMP President Burns constitute the provision to MNG of services within the scope of Section 707 that cannot be provided without prior authorization from the Commission.
26. CMP has not obtained any order from the Commission authorizing it to provide such services to MNG.
27. The Commission has previously expressed concern regarding CMP's use of its position as a monopoly transmission and distribution utility to assist MNG in competitive situations. See, e.g., CENTRAL MAINE POWER COMPANY AND CMP NATURAL GAS, LLC, Request for Approval of Affiliated Interest Transaction, Sale of Assets (Property), Docket No. 1999-739, Order (February 18, 2000).
28. In that Order, the Commission reminded CMP "that transactions with affiliates should be conducted at arms' length to ensure fairness and the appearance of fairness to all parties." Order at 9 (emphasis in original).

29. The Commission further stated, “[t]he behavior of CMP and MNG convinces us of the need for greater separation between CMP and MNG.” Order at 14.
30. As a condition of approving the proposed transaction in that proceeding, the Commission required that CMP and MNG must physically separate their employees from one another.” Order at 15.
31. CMP’s actions and those of President Burns violate the principles of fair treatment of affiliates and their competitors required by Commission Order.
32. CMP’s actions and those of President Burns violate the requirement of separation of employees required by Commission Order.
33. CMP’s use of its position as a monopoly transmission and distribution utility on behalf of an affiliate to attempt to influence the outcome a competitive solicitation conducted by an agency of government constitutes a “practice or act” that is “unreasonable, insufficient or unjustly discriminatory” within the meaning of 35-A M.R.S.A. 1302(1).
34. CMP’s use of its position as a monopoly transmission and distribution utility to attempt to influence negotiations between an independent agency of government and an affiliate of CMP constitutes a “practice or act” that is “unreasonable, insufficient or unjustly discriminatory” within the meaning of 35-A M.R.S.A. 1302(1).
35. CMP’s introduction of legislation designed to retaliate against the City of Augusta for its actions taken in an official capacity affecting MNG constitutes a “practice or act” that is “unreasonable, insufficient or unjustly discriminatory” within the meaning of 35-A M.R.S.A. 1302(1).
36. CMP’s actions in support of MNG are unreasonable, insufficient, and unjustly discriminatory because they constitute a waste of ratepayer funds paid by CMP’s ratepayers.
37. CMP’s retaliatory actions in support of MNG are unreasonable, insufficient, and unjustly discriminatory because they use utility resources to assist an affiliate in competition against competitor Summit.
38. CMP’s retaliatory actions in support of MNG are unreasonable, insufficient, and unjustly discriminatory because they represent the provision of services to affiliate MNG without prior authorization by the Commission as required by 35-A M.R.S.A. §707.

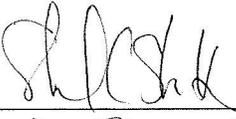
WHEREFORE, the undersigned respectfully request that the Commission order CMP to cease and desist in its support of LD 1754, levy appropriate financial penalties against CMP, order that Iberdrola divest either CMP or MNG to protect Petitioners and other customers against such unreasonable and unjust discriminatory acts, investigate the nature and extent of CMP's actions to assist its affiliate, MNG and to harm competitors to MNG, including those described herein, leaving appropriate financial penalties against CMP and MNG, and grant such other relief as it deems appropriate.

PRINTED NAME	ADDRESS	CMP ACCOUNT NUMBER	SIGNATURE
1. <u>William R. Stokes</u>	<u>21 Fairview Ave. Augusta</u>	<u>211-002-0424-012</u>	
2. <u>PATRICK PARADIS</u>	<u>219 NORTHERN AVE. AUGUSTA</u>	<u>211-032-2720-012</u>	<u>Patrick Paradis</u>
3. <u>CITY OF AUGUSTA</u>	<u>WILLIAM ST AUGUSTA</u>	<u>211-0318137-012</u>	<u>Raphael E. LeRoux Acting City Manager</u>
4. <u>CHRISTINA STREIBER</u>	<u>19 CEDAR MAPLE LN AUGUSTA</u>	<u>211-019-6882-020</u>	
5. <u>Leif Dahlin</u>	<u>15 Cathy St, Augusta</u>	<u>211-038-8264-014</u>	<u>Leif E Dahlin</u>
6. <u>CECIL E. MUNSON</u>	<u>760 RIVERSIDE DR. AUGUSTA</u>	<u>211-058-3238-011</u>	<u>Cecil E. Munson</u>
7. <u>Dale McCormick</u>	<u>87 COURT ST, Augusta</u>	<u>211-034-6545-012</u>	<u>Dale McCormick</u>
8. <u>Michael G. Byron</u>	<u>53 SMTM ST. UNIT 7 Augusta</u>	<u>211-009-2006-020</u>	<u>Michael G. Byron</u>
9. _____	_____	_____	_____
10. _____	_____	_____	_____

WHEREFORE, the undersigned respectfully request that the Commission order CMP to cease and desist in its support of LD 1754, levy appropriate financial penalties against CMP, order that Iberdrola divest either CMP or MNG to protect Petitioners and other customers against such unreasonable and unjust discriminatory acts, investigate the nature and extent of CMP's actions to assist its affiliate, MNG and to harm competitors to MNG, including those described herein, leaving appropriate financial penalties against CMP and MNG, and grant such other relief as it deems appropriate.

PRINTED NAME	ADDRESS	CMP ACCOUNT NUMBER	SIGNATURE
1. <u>Paul G. Davis</u>	<u>37 Townsend Road</u>	<u>211-037-0282-015</u>	<u>Paul G. Davis</u>
2. <u>Sharon Ann Paradis</u>	<u>29 White St</u>	<u>211-030-4173-011</u>	<u>Sharon A. Paradis</u>
3. <u>Ann M. Thomas</u>	<u>52 Newland Ave</u>	<u>211-030-4065-015</u>	<u>Ann M. Thomas</u>
4. _____	_____	_____	_____
5. _____	_____	_____	_____
6. _____	_____	_____	_____
7. _____	_____	_____	_____
8. _____	_____	_____	_____
9. _____	_____	_____	_____
10. _____	_____	_____	_____
11. _____	_____	_____	_____
12. _____	_____	_____	_____
13. _____	_____	_____	_____
14. _____	_____	_____	_____
15. _____	_____	_____	_____

WHEREFORE, the undersigned respectfully request that the Commission order CMP to cease and desist in its support of LD 1754, levy appropriate financial penalties against CMP, order that Iberdrola divest either CMP or MNG to protect Petitioners and other customers against such unreasonable and unjust discriminatory acts, investigate the nature and extent of CMP's actions to assist its affiliate, MNG and to harm competitors to MNG, including those described herein, leaving appropriate financial penalties against CMP and MNG, and grant such other relief as it deems appropriate.

PRINTED NAME	ADDRESS	CMP ACCOUNT NUMBER	SIGNATURE
1. Sheila C Stratton	9 Sewall Street	211-034-2367-023	
2. DONALD STRATTON	9 Sewall St	211-034-2352-019	
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.			
12.			
13.			
14.			
15.			