



STATE OF MAINE  
OFFICE OF THE GOVERNOR  
1 STATE HOUSE STATION  
AUGUSTA, MAINE  
04333-0001

PAUL R. LePAGE  
GOVERNOR

August 16, 2016

The Honorable Susan Collins  
United States Senate  
413 Dirksen Senate Office Building  
Washington, DC 20510-1904

The Honorable Angus King  
United States Senate  
133 Hart Senate Office Building  
Washington, DC 20510-1905

The Honorable Chellie Pingree  
U.S. House of Representatives  
2162 Rayburn House Office Building  
Washington, D.C. 20515-1901

The Honorable Bruce Poliquin  
U.S. House of Representatives  
426 Cannon House Office Building  
Washington, DC 20515-1902

Dear Maine Congressional Delegation:

Costly and complex federal regulations for relicensing small hydropower facilities continue to be a significant factor in decisions to surrender permits, and end electricity generation from this renewable resource. A small utility in Maine is the most recent casualty of federal mandates resulting in regulatory overreach.

Kennebunk Light and Power District (KLPD), a small consumer-owned electric utility with 6,500 customers, is faced with a decision of whether or not to move forward with the Federal Energy Regulatory Commission (FERC) relicensing process for its three small hydropower facilities. These generating assets are located at the Kesslen, Twine Mill, and Dane Perkins dams on the lower Mousam River, and have a total nameplate capacity of 600kw. One of the dams has been generating electricity for the municipality since 1893, and has been an integral part of the community's history. All three facilities were last refurbished in the mid-1980s. The current license for these operations expires in 2022, and the District must provide FERC with its intent to proceed with relicensing or to surrender its operations upon expiration of the current license. Due to the lengthy, arduous and expensive relicensing process, this notice of intent (NOI) must be filed with FERC by March of 2017, five years before the current permit expires.

The district has contracted for an initial assessment of the facilities, including cost estimates for re-licensure versus license surrender. License surrender would most likely include removal of the dams to satisfy current FERC requirements for fish passage. Estimated costs (preliminary) to re-license these facilities are between 8.8 and 11.6 million dollars<sup>1</sup> - for generating assets of less than a megawatt. The wide range of costs reflects the significant uncertainty inherent in the FERC regulatory process.

The burden of FERC requirements for engineering analyses, sampling studies, and fish passage means the state may lose these clean energy resources permanently.

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<sup>1</sup> In 2016 dollars.

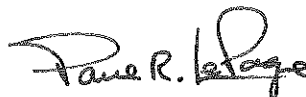
Environmental considerations should be balanced with the energy resource, but the FERC process is extractive and unnecessarily costly. It does not work for small hydro facilities. Many owners of small hydroelectric facilities in Maine will face a similar dilemma over the next decade. A study commissioned last year by our Energy Office listed eighteen small (under 10MW) facilities with licenses expiring before 2030. In fact, almost half of all Maine's licensed hydropower facilities have permits expiring by 2030. Only four of these are greater than 20 MW in size.

Last year, I testified before the House Energy and Commerce Committee on the regulatory burden faced by these generators. Yet, the Energy Policy Modernization Act, the first energy legislation being contemplated by Congress in almost a decade, does nothing to reduce this regulatory burden. Small hydroelectric facilities across the country have successfully provided renewably generated electricity to local communities and businesses for decades, and in some cases (e.g., Kennebunk's Kesslen Dam), for well over a hundred years. These clean energy generators should be able to continue operating without having to navigate a Washington regulatory process designed for projects a thousand times larger.

I urge you to take legislative action to reduce the FERC regulatory burden for relicensing small hydropower facilities like those owned by Kennebunk Light and Power District, or this home-grown, clean energy resource will be lost for good across the state. In addition, I would encourage you to meet with KLPD to discuss their situation and assess whether there are any available federal resources that would maintain these assets while improving habitat restoration.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Paul R. LePage". The signature is written in a cursive style with a large, stylized initial "P".

Paul R. LePage  
Governor

Cc: Chair and Ranking Member, Senate Energy and Natural Resources Committee  
Chair and Ranking Member, House Energy and Commerce Committee