

March 16, 2012

MAINE PUBLIC UTILITIES COMMISSION
Standard Offer Bidding Process for
Medium and Large Non-Residential Customers
In the Central Maine Power Company and
Bangor Hydro Electric Company Service Territories

ORDER SETTING
STANDARD OFFER
ENERGY PRICES
FOR CMP AND BHE
LARGE CLASS
(APRIL 2012)

WELCH, Chairman; VAFIADES and LITTELL, Commissioners

I. SUMMARY

Through this Order, we set the energy components and resulting standard offer energy prices¹ for the large non-residential classes in the service territory of Central Maine Power Company (CMP) and Bangor Hydro Electric Company (BHE) for April 2012. The energy components are \$0.02469/kWh for CMP and \$0.02468/kWh for BHE, and the resulting standard offer energy prices for April 2012 will be \$0.031861/kWh for the CMP large class and \$0.031155/kWh for the BHE large class. The standard offer prices will include these energy prices plus the capacity components as specified in the February 14, 2012 Order. The specified capacity components for April 2012 are:

CMP--\$3.600/kW-mo
BHE--\$3.600/kW-mo

II. BACKGROUND

On January 18, 2012, the Commission issued an Order rejecting the bids for the large non-residential classes in the CMP and BHE territories based upon a finding that the large class bids for both CMP and BHE were non-conforming bids and therefore insufficient under section 8(D) of Chapter 301 of the Commission's rules. Accordingly, the Commission directed Staff to work with the utilities to arrange for standard offer service through an alternative means.

Subsequent to the January 18, 2012 Order, the Staff had discussions with CMP, BHE and potential large class standard offer bidders. Based on those discussions, Staff developed an alternative price structure for the CMP and BHE large classes. This structure includes four components: (1) energy; (2) capacity; (3) fixed adder; and (4) uncollectible adder. The energy component paid by retail customers would be

¹ The standard offer energy prices include the energy component set by this Order, plus the line loss, uncollectible and fixed adder factors established by the prior Order.

determined by the Commission prior to every month based on electricity futures prices; however, the amounts paid to the supplier would reflect actual energy costs as assessed through the ISO-NE market settlement system.² The capacity component and fixed adder component (that would reflect all other costs and risks perceived by the supplier) would be set through the bid, and the uncollectible adder would be set by the Commission prior to the final bids. The Director of Electricity & Gas Utility Industries asked bidders who indicated an interest in providing standard offer service under the alternative price structure to present bids to the Commission on February 14, 2012.

On February 14, 2012, the Commission issued an Order Designating Standard Offer Providers for CMP and BHE Large Class. In that Order, the Commission designated a standard offer provider for the CMP and BHE large customer standard offer classes for the six-month term beginning March 1, 2012 and ending August 31, 2012. The February 14, 2012 Order specified that the actual energy prices for CMP and BHE's large customer classes will be determined prior to each month of the March-August term based on ISO-NE Internal Hub Peak and Off-Peak Locational Marginal Pricing (LMP) electricity futures as settled through CME Group on the 15th day of the prior month.³

III. DECISION

Based on the methodology adopted in the Commission's February 14, 2012 Order, the following standard offer energy prices⁴ for April 2012 are established for the CMP and BHE large non-residential classes:

CMP--\$0.031861/kWh
BHE--\$0.031155/kWh

As specified in the February 14, 2012 Order, the capacity components for April 2012 are:

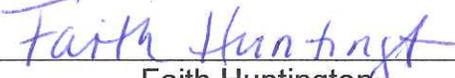
CMP--\$3.600/kW-mo
BHE--\$3.600/kW-mo

² The Commission indicated that standard offer prices would not be adjusted during this six-month term to reconcile for any over or under collections resulting from the energy component. The Commission indicated that any variance between the amount charged customers and the amounts paid to the supplier will be credited or debited to the standard offer uncollectible account for the large classes.

³ The Commission delegated to the Director of Electricity & Gas Utility Industries the authority to determine the energy prices each month pursuant to the pricing methodology specified in the February 14, 2012 Order.

⁴ In this Order, the "energy" prices refer to all components of the price that are billed on a kWh basis, including line losses and the adders.

BY ORDER OF THE DIRECTOR OF THE ELECTRIC AND GAS
UTILITY INDUSTRIES



Faith Huntington

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within **20** days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought. Any petition not granted within 20 days from the date of filing is denied.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within **21** days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.