

November 22, 2011

MAINE PUBLIC UTILITIES COMMISSION  
Standard Offer Bidding Procedure CMP  
And BHE Medium and Large Non-Residential  
Customers

ORDER SETTING STANDARD  
OFFER PRICES (DECEMBER 2011)

WELCH, Chairman; VAFIADES and LITTELL, Commissioners

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## I. SUMMARY

Through this Order, we set standard offer prices for Bangor Hydro Electric Company's (BHE) large non-residential standard offer class for December 2011. The standard offer price for December 2011 will be \$0.09951/kWh

## II. BACKGROUND

On July 26, 2011, the Commission issued an Order Designating Standard Offer Providers in the above-captioned proceeding. In that Order, the Commission designated standard offer providers for Central Maine Power Company's medium and large non-residential standard offer classes and BHE's medium non-residential standard offer class. However, due to the unreasonably high prices bid for the large non-residential class in the BHE service territory, we declined to designate a standard offer provider for BHE's large class and directed BHE to submit a plan for providing standard offer service to customers in the BHE large class during the period from September 1, 2011, through February 29, 2012.

As required, BHE submitted a responsive filing on August 2, 2011. BHE's filing provided several different approaches to procuring supply for the large standard offer class. Each approach had a different risk profile with respect to price levels and price certainty.

On August 11, 2011, we issued an Order Setting Standard Offer Prices. The Order set the September 2011 standard offer price for BHE's large non-residential standard offer at \$0.0700/kWh, provided indicative prices for the remainder of the six-month standard offer term (October 2011 through February 2012) based on current forward prices, and established a process for setting actual prices for the remainder of the term. Specifically, the August 11, 2011 Order set the price for September 2011 based on the current forward prices for September 2011, plus an adder for other items required to provide retail service, including capacity, ancillary services, line losses and renewable energy credits (RECs).

For the months starting with October 2011, we stated that we would set the prices before the beginning of the standard offer service month based on the indicative price for the month, adjusted to reflect the difference between then-current forward energy prices for the month and the August 8, 2011 settle prices stated in the August 11, 2011 Order. In addition, in setting the monthly prices throughout the term, we indicated that we may consider any

deferrals that have accrued due to the difference between the actual cost of supply and the prices paid by customers (which can be either positive or negative).

The August 11, 2011 Order directed BHE to provide a report prior to the date we establish the prices for the standard offer service month. This report would contain BHE's recommendation for standard offer prices based on the forward prices for the applicable standard offer month, as well as information specifying the amounts from prior standard offer service month(s) that have been deferred to date.

On November 18, 2011, BHE provided the required report, updating the estimated deferral for the September and October under collections. The total deferral amount remains approximately \$62,000.

### III. DECISION

Based on the information presented by BHE and applying the methodology adopted in the August 11, 2011 Order, the following standard offer price for BHE's large non-residential customer class for December 2011 is established:

\$0.09951/kWh

This price continues to include an adder of 0.00579 (established in the Commission's October 26, 2011 Order setting the November 2011 price) to recover the deferred amount.<sup>1</sup>

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

  
Faith Huntington

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<sup>1</sup> In its September 29, 2011 Order Setting Standard Offer Prices (October 2011), the Commission delegated to me the authority to set the monthly prices for BHE's large non-residential standard offer class according to the methodology specified in the August 11, 2011 Order. Although that September 29<sup>th</sup> Order did not grant me authority to determine the amount of deferral to be included in the price to reflect under recovery in prior months due to the difference between the actual cost of supply and the prices paid by customers, the Commission's October 26, 2011 Order Setting Standard Offer Prices (November 2011) determined an adder of 0.00579 per kWh to be included the standard offer price for the remaining four months of the standard offer term (through February) to recover deferred amounts in September and October 2011.

## NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 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.