

ORDER REGARDING
STANDARD OFFER PROCESS
FOR THE LARGE AND MEDIUM
CLASSES OF CENTRAL MAINE
POWER COMPANY AND
BANGOR HYDRO-ELECTRIC
COMPANY

MAINE PUBLIC UTILITIES COMMISSION
Standard Offer Bidding Procedure

Docket No. 2003-381

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

I. SUMMARY

Through this Order, we resolve issues regarding the upcoming standard offer solicitation for the large and medium classes in the Central Maine Power Company (CMP) and Bangor Hydro-Electric Company (BHE) service territories. We also delegate to the Director of Technical Analysis the authority to resolve further issues necessary to issue the Request for Proposals (RFPs) pursuant to Chapter 301, section 8 of our Rules, and to decide eligibility and conformance of non-price portions of bid proposals submitted in response to the RFPs.

II. BACKGROUND

Pursuant to Maine's Restructuring Act, the Commission administers periodic bid processes to select providers of standard offer service. 35-A M.R.S.A. § 3212(2). The current arrangements with Select Energy, Inc. to provide standard offer service for the large non-residential classes and with FPL Energy Power Marketing, Inc. to provide standard offer service for the medium non-residential classes, in the CMP and BHE service territories terminate on August 31, 2003. Accordingly, the Commission soon must solicit bids to provide standard offer service to BHE's and CMP's medium and large classes beginning on September 1, 2003.

By Chapter 301, we must develop and issue a request for standard offer bids for each transmission and distribution (T&D) utility service territory. Chapter 301 contemplates that the Commission will determine many details of the bid procedure in the RFP documents. We open this docket for the purposes of developing and issuing the RFPs and of carrying out the bid processes to select providers of standard offer service beginning September 1, 2003 for the medium and large classes in the CMP and BHE service territories.

III. DECISION

A. RFPs

We have reviewed the RFPs prepared by staff for CMP's and BHE's medium and large non-residential classes and direct that they be issued as soon as possible. These RFPs establish a process and schedule that follow the general format used in the RFP processes conducted during 2001 and 2002. This format is that indicative bids are due about two weeks from the issuance of the RFP. At the same time, bidders are permitted to propose contingencies and alternatives with respect to non-price aspects, such as provisions within the standard contract, statement of commitment, and security requirements. The Staff will then negotiate the non-price aspects of bidders' proposals with bidders whose indicative bids appear most favorable. After all non-price contingencies and alternatives are either agreed to or withdrawn, the Commission will set a date on which firm prices will be provided by bidders, and the Commission will chose the winning bidder on that date.

B. Term Lengths

We will seek bids for two alternative terms, one for six months and one for one year. In our January 22, 2003 order in Docket No. 2002-709 in which we designated Select and FPL as the standard offer providers for the large and medium classes, respectively, we accepted the bids for a six-month period "to minimize the amount of time standard offer prices for either class may deviate from prevailing market prices." *Order* at 3.

In our recent inquiry that was a follow-up to our Standard Offer Study submitted to the Legislature in December 2002, we confirmed our policy decision that resulted in the current six-month standard offer term, *Report on Standard Offer Service Issues*, Docket No. 2003-127 (May 28, 2003), at 4-7. From supplier comments in the inquiry, it would appear that a six-month standard offer term is at least a minimally acceptable time period for standard offer prices to track prevailing market prices. Accordingly, we will again seek bids for a six-month term.

We will not, at this time, seek shorter-term bids (for example, three-month terms) because the Commission Staff and the utilities do not have sufficient resources to conduct more frequent bid processes until bidders become prequalified. It is not possible to complete such a prequalification process in time for a September 1 service date.

We will again also seek bids for one-year terms. Given that wholesale electricity markets have been volatile and are still developing and changing, and that the merchant electricity industry has been in serious financial turmoil, we believe it to be prudent to protect against the possibility that six-month bids may be inadequate. Accordingly, we will ask also for bids for the more standard one-year term.

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.
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.