

**SUBJECT TO CONFIDENTIAL TREATMENT UNTIL
March 3, 2015**

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2014-00306

February 17, 2015

MAINE PUBLIC UTILITIES
COMMISSION
Standard Offer Bidding Procedure for
all CMP and EMERA- BHE Customer
Classes and CMP Time of Use Service

ORDER DESIGNATING
EME-BHE LARGE CLASS
STANDARD OFFER
PROVIDER

VANNOY, Chairman; LITTELL and MCLEAN, Commissioners

I. SUMMARY

Through this Order, Algonquin Power Co. (Algonquin) is designated as the standard offer provider for the large class in the Emera Maine-Bangor Hydro District (EME-BHE or Emera Maine) service territory for the ten-month term beginning March 1, 2015.

II. BACKGROUND

Pursuant to Maine's Restructuring Act, the Commission periodically administers a competitive bid process to select providers of standard offer service. 35-A M.R.S. § 3212(2). The Commission is also required by the Act to oversee the sale by utilities of the rights to energy and capacity from their non-divested Entitlements and other non-divested generation-related assets. 35-A M.R.S. § 3204(4).

On November 5, 2014, the Commission issued an RFP for bids to provide standard offer service to all residential and commercial classes in both Central Maine Power and EME-BHE service territory. *Order Approving Request for Standard Offer Bids*, Docket No. 2014-00306 (November 5, 2014).

The Commission selected standard offer providers on January 13 and 14, 2015; however, there were no acceptable bids received for the large class in the EME-BHE territory. *Order Designating Standard Offer Providers and Directing Utility to Enter Entitlement Agreements*, Docket No. 2014-00306 (January 14, 2015 released from confidentiality on February 4, 2015). As a result, the Commission directed Emera Maine to submit a plan to the Commission addressing the provision of service to the large standard offer class by January 27, 2015 for Commission approval. The plan was required to mirror as much as possible the current structure for establishing customer prices and supplier payments. The Commission delegated to the Director of Electricity &

Gas Utility Industries (Director) the authority to approve the Emera Maine plan and to establish standard offer prices under that plan.

Emera Maine submitted a preliminary filing to the Commission on January 28, 2015, that provided a general outline of options for providing standard offer service to the large customer class and, on February 3, 2015, it provided the results of its request for proposals. In response to questions from the Commission Staff, Emera Maine provided additional information about the proposals it received, including its analysis of the cost and risk of each.

III. DISCUSSION

The Commission finds that the pricing and structure proposed by Algonquin Power Company is most consistent with our standard approach to providing standard offer service to large class customers. The proposal reflects the current large class standard offer structure for establishing customer prices and supplier payments. Algonquin proposes to serve as the retail supplier for 100% of the large class standard offer service for the ten month term established by the Commission and would utilize the same standard documents from the Commission's recently concluded RFP process. Algonquin submitted the following fixed adder and capacity component prices:

Month	Fixed Adder \$/kWh	Capacity Charge \$/kW-mo
Mar-15	\$0.00839	\$5.2130
Apr-15	\$0.00831	\$5.2130
May-15	\$0.00801	\$5.2130
Jun-15	\$0.00885	\$5.3410
Jul-15	\$0.00903	\$5.3410
Aug-15	\$0.00845	\$5.3410
Sep-15	\$0.00917	\$5.3410
Oct-15	\$0.00925	\$5.3410
Nov-15	\$0.01095	\$5.3410
Dec-15	\$0.01260	\$5.3410
Jan-16	\$0.01992	\$5.4160
Feb-16	\$0.02031	\$5.4160

Other proposals received by EME-BHE represent deviations from the current standard offer service structure and present increased risk, potential price volatility for customers, and an increased administrative burden for EME-BHE. The current structure is well understood by the providers, utilities and customers and only significant price differences would support deviating from that structure. Accordingly, since

Algonquin's proposal is competitive in terms of pricing and structure, Emera is directed to enter into a contract with Algonquin to serve the EME-BHE large customer class for a ten-month term beginning on March 1, 2015.

In designating the above standard offer provider, its statements of commitment and bidder conditions are accepted. These documents are attached to and incorporated into this Order. These documents provide useful clarifications as to the precise nature of the standard offer providers' obligations, as well as reasonable protections for the providers. The Commission understands all conditions of the winning bidder are satisfied, or will be satisfied shortly after the issuance of this Order. The modified Standard Offer Provider Service Agreement is acceptable to EME-BHE and the changes from the standard form contracts are reasonable.

Finally, the Commission recognizes that the standard offer approved in this Order create certain obligations and risks for Emera Maine that should be properly borne by customers rather than shareholders. Emera Maine agrees to accept the obligations and risks as long as it is compensated for the financial consequences of satisfying those obligations. Therefore, as the Commission has consistently found in selecting standard offer providers, any direct or indirect costs, obligations, expenses or damages reasonably incurred by Emera Maine, including administrative and security costs, in fulfilling its obligations or exercising its rights under the contract and arrangements authorized by this Order, shall be deferred on the utility's books of account as regulatory assets and shall be fully recovered, with carrying costs, from customers either through transmission and distribution rates or standard offer rates. These risks include, but are not limited to:

- The costs of any performance assurance that Emera Maine may be required to provide to a counterparty under the arrangements;
- Any additional costs or losses that Emera Maine may incur as a result of tolling any termination rights under any agreement pending the outcome of an arbitration proceeding;
- Any costs caused by contractually fixing any fees applicable to the standard offer provider for any time period, where such fees are otherwise subject to change;
- Any incremental costs attributable to the execution of the standard offer arrangements, including those related to the solicitation, evaluation, and negotiation of those arrangements; and
- Any costs or losses that Emera Maine incurs as a result of a default by the standard offer provider(s) on any of their contractual or other obligations and the consequential termination of any contract or obligation associated with the

standard offer arrangements authorized in this Order for which Emera Maine is not compensated by associated security.

This Order will be treated as designated confidential information pursuant to the Protective Order issued in this proceeding for a two-week period. After that, the confidential treatment of this information will be removed.

Dated at Hallowell, Maine, this 17th day of February 2015.

BY ORDER OF THE DIRECTOR OF ELECTRIC AND GAS UTILITY INDUSTRIES

A handwritten signature in black ink that reads "Faith Huntington". The signature is written in a cursive, flowing style.

Faith Huntington

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.