Questions Posed by Potential Bidders in Maine's Standard Offer Bid Process
For Bid Process Initiated October 2, 2000

Last Updated: December 8, 2000, 5:00 pm

Following are the questions posed and answered at the bidders' conference held on October 17. Additional questions are displayed at the end of the Q & A list.

Q1. Does the MPUC have experience or history of the extent of customer gaming? If so, please provide.

A. Neither the MPUC nor the utilities have seen any evidence of gaming during the first year of standard offer service.

Q2. What is the collection process?

A. Each customer sends its bill payment for standard offer service to the utility. The utility aggregates payments from customers within 26 days of receipt and remits an aggregate payment to the standard offer provider. The aggregate payment is equal to the provider's accepted bid price times the kilowatt-hours (and kilowatts) billed times the percentage share of the standard offer class, less a pre-set uncollectible percentage. The uncollectible percentage is equal to the fixed amount published in Exhibit A of the utility's contract with the standard offer provider (displayed in Appendix C of the RFB), regardless of the portion of the bill that each customer actually pays. To illustrate how uncollectibles are assessed to SO providers, if a bidder's accepted bid price is 4 cents/kWh and the pre-specified uncollectible percentage is 1%, a bidder would be paid 99% of 4 cents multiplied by the kWhs of SO service provided.

Q3. Would the MPUC consider requiring utilities to notify the SOP if a customer switch is imminent?

A. The MPUC concluded during the last standard offer bid process that it would not require utilities to guarantee notification if a customer switch was imminent. To develop such a procedure would require computer revisions to perform various functions including determining the customer's load and sending an EBT transaction. During last year's standard offer bid process, BHE determined that it would not be able to inform the SOP of an imminent switch. CMP and MPS informally agreed to notify the SOP of the imminent switch of a large customer if the utility became aware of such a possibility, but the SOP is not guaranteed that such a notification will occur.

Q4. Does the SOP receive any information regarding load and number of customers it has, either before the fact or after?

A. Within 37 hours of the end of each business day, the utility sends the hourly loads attributable to standard offer service to ISO-NE or NMISA for settlement purposes. The utility must send identical information to the SOP within two additional business days. Simultaneously, the utility sends total number of customers in each rate class. Currently the utilities send this information to the SOP and to ISO-NE (or NMISA) at approximately the same time

Q5. How soon after meters are read does the SOP get usage data?

A. Each day, the utility sends to the SOP, via EBT transaction, the total kWhs and the total number of customers billed for standard offer service on that day, aggregated by standard offer rate class.

Q6. Does the utility settle on the profiles on the web page?

A. Yes.

Q7. Is there history of class-specific actual settled loads for each standard offer class separately?

A. There is history of total SOP actual settled loads, for not class-specific loads. The utilities will investigate whether class-specific historic loads are obtainable.

Q8. Is the large class all telemetered?

A. Yes, all customers in the large class are telemetered.

Q9. There are months of load data missing. Will they be provided? Will BHE data be updated? Can utilities provide average load factor for each rate class?

A. *Profiles* (i.e., weekday and weekend monthly-average load levels for each hour of each month, used for settlement) are available on the web page for all months. *Daily load curves* (i.e., load levels for each hour of each day of the month) are missing for months in which the utilities did not have up-to-date samples. The data from out-of-date samples will not be provided on the web page, because it might not be representative of current customer characteristics. CMP has provided January and February, 2000, daily load curves, which are probably better proxies for the missing months of January and February 1999 than out-of-date sampled data would be. Daily load curves from older data may be obtained from the utilities by asking the Official Contact published in the Standard Offer RFB.

BHE billing unit data published on the web page will be updated as soon as possible, and the web page will announce that the data has been updated. BHE's profiles and load data are accurate.

We believe it is preferable to allow bidders to determine load factors using the data available on the web page and a method suitable to their needs

Q10. Will the profile method change over time?

A. The utilities used the static load profile methodology during the first year of standard offer service provision, and will continue to use this method during the year beginning March, 2001. The utilities continually evaluate the effectiveness of this method by examining each hour's unaccounted-for error (UFE), which is the amount by which the profiled and telemetered loads differ from the utility's metered system load. If the utilities determine that the UFE is unacceptably large, they will recommend to the MPUC that the method be refined. Should that situation occur, the MPUC will approve a new method and will inform suppliers well ahead of time that the method will change. A description of each utility's profiling method may be found on the utility's web page.

Q11. Will the published profiles change? If so, when and through what method?

A. The utilities will change their profiles as new sampled load data becomes available. Currently, BHE, CMP, and MPS update the profiles they use for settlement under slightly different timetables. Within the next few weeks, the utilities and the MPUC will establish a consistent method for updating profiles and publish the method on the MPUC web page. The goal of the method will be to publish profiles for a full year ahead of time to the greatest extent possible and to inform suppliers of changes well ahead of their occurrence.

Q12. Will the published profiles be locked in for the 1st year bid period? For all 4 years of the bid periods?

A. The profiles currently published will be locked in for the 1st year bid period. They will change after that time. See Question 11 for further information.

Q13. Are large customers settled on actual load or profile?

A. The large customer class is settled on actual telemetered loads.

Q13. Are the published profiles for whole classes or just standard offer customers?

A. The published profiles are for all customers, not just those taking standard offer service. However, those taking standard offer service will be settled on the published profiles.

Q14. Will price changes be prorated? In particular, how will per-kW charges be prorated? How will this be done on March 1, and how will it be done the (potentially) remaining 3 times per year? Will telemetered data be read at the end of the month?

A. Price changes on March 1, 2001, and any other potential price change, will be prorated using the number of days that each customer's billing period fell before the 1st day of the month and in the remaining days of the billing period. This is accomplished by prorating the bill amount. On March 1, 2000, CMP made an additional adjustment to reflect the fact that load patterns might differ in the time period before the price change and the time period after the change. CMP will review this adjustment process and it will be described on this web page.

Telemetered data will be read at the end of the month when rate changes occur.

Q15. Do utilities have evidence of how accurate their profiles are?

A. CMP is able to provide the percentage of load attributable to unaccounted-for error (i.e., the amount by which profiled and telemetered loads did not equal the metered system load) for each month since March 1, 2000. See the section of this web page called "Q&A Spreadsheets" for this information.

Q16. How will the MPUC evaluate bids. For instance, how will it compare a single year against multiple years?

A. In accordance with Ch. 301, the Commission will evaluate bids based on the objectives of obtaining the lowest SO price for each class, the lowest cost for SO service overall and stable SO prices. At this point, we have not determined a specific set of discount rates or market prices to quantify the value of a single vs. multi-year bid.

Q17. How will the MPUC compare different price structures?

A. Bids with different price structures will be compared using 1999 billing units adjusted for the most current information about what percentage of load is being served by standard offer service.

Q18. How will the Standard Offer Provider (SOP) be allowed to compensate for a future change to a policy that affects the bidder's supply costs, e.g., the PUC's suggestion to replace the RPS with an SBC? Does the supplier assume the risk or can it (or the PUC) adjust the standard offer rates?

A. In general, the supplier assumes these risks. For the specific instance cited in the question, the RFB requires bidders to provide prices that would apply in the event the RPS is eliminated in addition to prices that apply if the RPS remains in effect.

Q19. Will we evaluate the bids based on bid <u>with</u> or <u>without</u> the RPS requirement?

A. With.

Q20. Could you explain Maine's resource portfolio requirement?

A. The RPS is a statutory requirement that each supplier provide no less than 30% of its total kWh sales in Maine with electric energy generated from eligible resources. Eligible resources are defined by law and rule, and include sources typically considered renewable, e.g. hydro, as well as qualifying, efficient cogeneration facilities. Please see Chapter 311 of the Commission's rules for detailed information on resource eligibility and supplier obligations.

Q21. What will the process be to change contract terms?
Will all bidders know the allowed changes before they bid?

A. Bidders may submit proposed changes to the provisions of the standard form contract during Phase 1. Changes may be submitted either before or included with a bidder's Phase 1 proposal. We will review the proposed changes, consult with the T&D utilities, and inform the bidder whether or not the proposed changes are acceptable. All accepted alternative contract provisions will be posted on the Commission's web page by December 1, 2000. **[please see question 66 for a revision to this answer].**

Q22. Has the MPUC had second thoughts about the rule's prohibition against a bid indexed to a market index?

A. The Commission considered the advantages and disadvantages of indexed and fixed bids in the Ch. 301 rulemaking conducted earlier this year. The Commission decided not to allow indexed bids and has not reconsidered that decision.

Q23. In determining the likelihood that the opt-out fee is a deterrent to gaming – do customers know about the fee, and how will a gaming situation be detected?

A. We assume that large, sophisticated customers and their suppliers, as well as suppliers of large aggregates (i.e. those most likely to game) would be aware of the opt-out fee provisions of Ch. 301. We anticipate that gaming would be detected either by the standard offer provider or by the T&D utility, which would then inform the Commission.

Q24. Regarding allowable contingent bids, what is meant by "in control of the Commission"? What types of things are included? Would changing the Rule be "in Commission control"?

A. The phrase "in control of the Commission" means that the Commission can, by itself, cause something to happen within a workable time frame. An obvious example of this would be a cross-class contingency whereby a bidder made a bid for one class contingent on the Commission accepting its bid for another class.

Because of statutory time requirements, a rule change or amendment would not fall within this category. However, the Commission does have the authority to waive, for good cause, provisions of the rule not required by statute, provided the waiver is not inconsistent with the purposes of the rule. Such waivers would be "in the control of the Commission."

Q25. Given that a GIS system is under development in New England, and given other developments, why did the MPUC prohibit linking bid price to a market index?

A. After considering the advantages and disadvantages of fixed vs. indexed bids in the Ch. 301 rulemaking earlier this year, the Commission concluded that fixed price bids and, thus, fixed standard offer prices, were preferable. The disadvantages of linking to a market index include: (1) that customers would not have a known price against which to compare competitive alternatives; (2) standard offer prices would be less stable and less predictable; (3) it is unclear whether any suitable market indices exist at this point.

Q26. Is a bidder allowed to bid a firm price in year 1 and a formulaic price for future years that nonetheless can be announced ahead of time?

A. No.

Q27. Doesn't our rule risk that a bid is accepted for 4 years, then market prices go down, yet standard offer customers can't benefit from those lower prices?

A. Yes. In the situation described in the question, though, we would expect that other marketers would offer market-based supply to these customers.

Q28. If a bidder bids on a percent of a class, does decay affect the bidders load, or can a bidder bid, e.g., for a base block of the load defined as a fixed amount of kWhs?

A. Decay does affect the bidder's load, but not its load share. In other words, the percentage stays constant and is applied to the standard offer load of the class as it actually is at any particular time.

Q29. Can a SOP vary its percent of a class by month?

A. No.

Q30. Is it true that the bid prices can change only 4 times per year? Is that for each component?

A. Yes. To clarify, a customer would see SO prices change no more than 4 times per year. At any one of those 4 times, one or more of the individual components of the standard offer price, e.g. both on-peak and off-peak kWh charges, may change.

Q31. Is it possible to not submit in phase 1 yet submit in phase 2?

A. No.

Q32. Are there threshold criteria that would cause the MPUC to stop after phase 1?

A. The Commission has not established any such threshold criteria.

Q33. Are phase 1 submittals confidential?

A. Yes. The identities of bidders and the substance of proposals submitted in Phase 1 are confidential. Bidders that submit Phase 1 proposals will be informed privately whether their proposals are eligible for Phase 2.

Q34. What will the MPUC's process be to reject bids, if it chooses to? Will the public be able to have input on public interest issues?

A. The Commission will consider the bids submitted and designate winning bidders or decide to take other steps at a public deliberative session. To protect the confidentiality of bidders and the viability of the process, underlying bid information will not be public. Depending on time constraints, the Commission may invite comments from interested persons prior to deliberations.

Q35. Is the MPUC able to choose to award only one year to a bidder who bid four years?

A. No. The term is established by the bidder. In other words, the Commission could not require a bidder to provide SO service for a 1-year term at prices the bidder proposed for a 4-year term.

Q36. Has the MPUC considered lowering the bid window to less than 2 weeks, considering extreme cost changes seen recently?

A. The Commission believes that a bid window of 2 weeks may be necessary to properly evaluate bids and publicly deliberate it decision. We are soliciting proposals for three T&D service areas, each with three standard offer classes. In addition, we have made our rules more flexible, thereby inviting proposals that are more creative, but which may require more time to evaluate than "plain vanilla" proposals.

However, we allow the following supplemental approaches in response to bidders' concerns. First, it is possible that the Commission could accept a bid in less than 2 weeks. Therefore, we encourage bidders to take advantage of this possibility, such as by proposing a series of prices each held open for a specified time period. Second, bidders may submit additional prices after the submission of their Phase 2 proposals and before the Commission designates the winning bidder for the applicable SO class. Please note that these additional prices would be a price option in addition to the prices in the bidder's Phase 2 proposal, not in replacement of the prices originally bid.

Q37. How will the MPUC notify the public and the bid winners? Will there be public deliberations?

A. The Commission will notify the public and bid winners initially at its public deliberative session at which it designates SO providers. The results of this deliberative session will likely be announced in a Commission press release and posted on our web page. In addition, there will be a Commission Order issued shortly after deliberations

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We will also notify bid winners directly as soon as possible after deliberations, as well as notify by letter or email all other bidders as to the outcome.

Q38. Will the MPUC's public deliberations address bidders by name?

A. The bidders chosen as SO providers will be named. All other bidders will not be named.

Q39. Given what contingencies are allowed, how will the MPUC prevent this process from becoming the first phase of a negotiated process? Would the MPUC allow this to happen and under what contingencies?

A. The Commission recognizes that because bidders can propose contingent bids and because they can propose a variety of different price-contingency scenarios, a set of initial bids may be somewhat similar to initial offers in negotiation. However, the process does not contemplate any further steps of negotiation prior to Commission deliberations on the bids.

The Commission's rules and RFB process allow this approach as long as the contingency is allowed. Allowed contingencies are defined generally as items within the Commission's control. Although we cannot provide a complete list of the contingencies that would be allowed, some examples are: cross-class (i.e. a bid for Class A contingent on winning a bid for Class B); cross-service territory; waivers of certain rule provisions; acceptance of bid price within a specified number of days.

Q40. Could bidders index the bid to the market just during the 2-week Phase 2 period?

A. No.

Q41. What is the maximum difference between the lowest bid and a bid the MPUC would accept?

A. We have no pre-established number for this.

Q42. Will winning bidders be notified before deliberations, or via deliberations?

A. Via delibs. This is because the Commission does not decide who the winning bidders are until its public deliberations. We also plan to directly notify winning bidders as soon as possible following deliberations.

Q43. If bids are rejected, would the MPUC negotiate for an alternative or would utilities provide standard offer service?

A. The Commission has the option to do either. At this point, the Commission has not indicated which of the two approaches it would take.

Q44. Did the MPUC publish its market price forecast when the MPUC rejected bids last year? Will such a forecast be published this year, either now or at the time the winning bidders are chosen?

A. No such forecast was published last year. So as not to influence this bidding process, the Commission would not provide any market price estimates prior to the submittal of Phase 2 bids. The Commission has not yet determined what information in this regard will ultimately be made public.

Additional Questions:

Q45. Why does CMP's web page display different system losses adjustments than those published in Appendix G of the RFB?

A. CMP's web page displays percentages by which the metered system load is *larger than* the sum of customers' metered retail loads. The RFB displays percentages by which the sum of customers' metered retail loads are *smaller than* the metered system load (i.e., the RFB displays *losses*). The two sets of numbers are consistent.

Q46. What profiling methodology is used to adjust loads for weather or other conditions that significantly affect load? If this is based on a formula, can we obtain the formula?

A. Currently, the utilities and the PUC have agreed that utilities use static load profiles to create each supplier's load obligation for settlement purposes. These profiles are not adjusted for weather or other conditions. See Q10, Q11 and Q12 for additional information.

Q47. Are service providers given a customer list? Can service providers sell the customers other products during the period of the standard offer?

A. SO service providers are not given customer lists. SO service providers can sell other products to customers during the SO period.

Q48. Has the Commission established any switching fees or other restrictions for the residential and small commercial customers?

A. If a residential or small commercial customer switches into or out of standard offer on a date other than the normal meter read date, the customer must pay a switching fee. The current switching fees are provided in Appendix D of the RFBs. There is no switching fee for a transfer on the customer's normal meter read date.   In addition, aggregates of residential and small commercial customer are subject to the opt-out fee contained in Chapter 301, and the Commission has the discretion to set an opt-out fee that would apply on an individual residential and small commercial customer basis in the future if necessary.

Q4920. What is the eligibility cure period, and what does it entail?

A. The eligibility cure period allows bidders to bring Phase 1 proposals into conformance after receiving notification of non-conformance. For example, a bidder could provide additional evidence of security if what was provided in the Phase 1 proposal was insufficient.

Q50. Can available generation assets and/or firm wholesale energy contracts be applied to lower the letter of credit requirements?

A. No.

Q51. Default provisions – what constitutes a breach of contract? In other words, what are all the scenarios that the letter of credit would be drawn upon? For instance, if NEPOOL transmission lines go down, could the service provider be in default?

A. We cannot provide a list of all possible scenarios. However, any scenario in which the SO provider fails to meet its ISO-NE load serving obligations for its SO load, or fails to provide SO service in a manner consistent with Maine law, MPUC rules and the RFB would be included.   The SO provider would not be in default for service interruptions caused by transmission and/or distribution system outages.

Q52. Is the energy provider considered a utility for default purposes?

A. No.

Q53. Do the secondary loss figures provided for each utility include congestion fees for transmitted energy from NEPOOL to the delivery point?

A. No.

Q54. Who bears the expense of educating customers?

A. Customer education in Maine is primarily conducted by the MPUC and T&D utilities, and funded by T&D rates. SO providers do not bear any expense in this regard, except for any amounts associated with the disclosure label. (See Chapter 306 of MPUC rules).

Q55. Is there any commitment to submit a bid in Phase 2 if a bidder submits a Phase 1 proposal?

A. No.

Q56. If a company submits bids for all three service territories, should it submit three separate Phase1 proposals or should it submit one unified Phase 1 proposal? Similarly, in Phase 1 does the bidder have to provide three separate certified statements for the credit requirement given in 2.2 (letter of credit, surety bond, or corporate guarantee)? Or, can the requirements be aggregated into one statement to be applied to all three proposals?

A. A company may submit separate Phase 1 proposals for each service territory, or a company may submit a unified package that includes all the material that would be required by each of the RFBs, but which does not duplicate material required by more than one RFB. In either case, the Phase 1 proposal should clearly indicate each standard offer class, or portion thereof, in each service territory for which a bid price may be submitted in Phase 2 and the term length of service for each. The Phase 1 proposal should also specify all contingencies and conditions that are possible to provide in advance of the bid price.

The certification of the credit requirements do not have to be provided by three separate documents, as long as what is provided clearly indicates that the credit obligation is separable by standard offer class and service territory. In other words, if a single certified statement is provided for an aggregate amount of credit, the statement must indicate that the required amount of credit would also be provided for each individual proposal standing alone.

Q57. What would happen if the total acceptable bids are for less than 100% of the load. For instance, if Company A provides the only viable bid and the bid is for

60% of the load, would the bid still be accepted? If so, how is the remaining 40% handled?

A. An otherwise acceptable bid would not be rejected simply because there were insufficient acceptable bids to serve the entire SO class, or simply because no acceptable bids were received for other SO classes. In a scenario like that described in the question the Commission has several options, including seeking supplemental proposals in a second-round RFB or negotiating directly with suppliers to serve the load not met by proposals from this RFB, or the Commission could direct the utilities to procure the additional supply from the wholesale market.

Q58. Could bids for different time periods from different companies be accepted? For instance, for a given service territory could the Commission accept a bid from Company A for 40% for one year and Company B for 60% for two years?

A. Yes.

Q59. Considering that the load obligation for CMP residential/small commercial starts in March 2002, must a surety bond or letter of credit for these customers become effective just after the bid is won, or can or be delayed to 2002?

A. A bidder's surety bond or letter of credit must be effective within three weeks of the date the Commission designates the bidder as an SO provider. This applies for all classes, including the CMP residential/small commercial class. Although, as noted in the question, an SO provider chosen for the CMP residential/small commercial class would not provide service until March 2002, the obligation to serve the load at the bidder's accepted bid price(s) must be secured in the interim.

Q60. Regarding Section 5.2(2), if a bidder specifies in Phase I a certain standard offer class, or portion thereof, for which it seeks to submit a proposal, is the supplier bound or committed to bidding on exactly that class/portion in Phase II?

A. No, as long as the bid ultimately submitted requires the same or a lesser amount for the credit requirement.

Q61. Can a bid specify different rate structures in different months of the year? For example, can the winning bidder charge time-of-day rates in summer months and a flat cent-per-kWh rate in remaining months?

A. Yes. However, in CMP's territory, rate changes from one rate structure to another cannot occur, prorated, on the first day of the month. Instead, the change will occur on each customer's meter read date. The exception to this statement is the March 1, 2001, rate change. If a bidder's rate structure is different than the current standard offer rate structure, CMP will prorate the rate change that occurs on March 1, 2001. BHE and MPS are able to prorate rate changes from one rate structure to another in all months of standard offer service.

Q62. Can portions of Phase 1 proposals be submitted by fax?

A. Yes. The Commission's fax number is (207) 287-1039. Please direct the fax to the attention of Faith Huntington. If you submit portions of your Phase 1 proposal by fax, please also provide non-fax original documents to the Maine PUC at the address contained in the RFB by November 8, 2000.

Q63. Please explain the disclosure label and how it is distributed.

A. The disclosure label provides customers with information about price, fuel source and emissions associated with their electricity supply. Disclosure labels are sent to residential and small commercial customers quarterly and to medium and large customers annually. T&D utilities are responsible for preparing and distributing disclosure labels for customer receiving standard offer service. T&D utilities charge the standard offer providers a fee for this in accordance with the standard offer standard form contract and the utility's Commission-approved Terms & Conditions. Please see Appendix C & D of the RFB and Chapter 306 of the Commission's rules for further detail.

Q64. What is required in the Executive Summary of the Phase 1 proposal?

A. There are no specific requirements for the Executive Summary.

Q65. Please describe the nature, content and frequency of the EBT transactions between the T&D utility and a standard offer provider.

A. The overall form and procedures associated with EBT transactions between the T&D utility and all competitive providers including the standard offer provider are described in the Maine EBT Standards document, Version 2.2. The document and its appendices may be accessed from the MPUC supplier web site (janus.state.me.us/mpuc/supplier.htm, and click on EBT Standards). Maine has adopted EDI data exchange requirements that are consistent with emerging national standards. Data exchange with the standard offer provider is explained in Section V of the document and in the 810-3 section of Appendix A. Each day that the utility reads meters, the utility sends an 810-3 transaction to each standard offer provider. The 810-3 transaction includes kWhs billed, kWs billed, and revenues billed from standard offer customers on that day, by time-of-use periods if relevant, aggregated by standard offer rate class, as well as additional identifying information.

Q66. Have you reconsidered the answer to Q21, regarding the time frame required for submitting proposed changes to the standard form contract?

A. Yes. Changes to the Commission-approved standard form contract were made during the last weeks of October. The revised contracts are now on the web page. Because these changes were made so close to the end of Phase I, we will extend the date by which bidders may propose changes to the standard form contract until November 8, 2000.

Q67. When will providers receive payment for standard offer service.

A. Providers will receive payment for each customer no later than 26 calendar days following the date of each customer's billing, as stated in the standard for contract.

Q68. Could a bidder use an escrow account rather that a surety performance bond, letter of credit or corporate guarantee to meet the financial security requirements for its bid?

A. Yes, as long as the escrow account is comparable (or superior) in all respects to the letter of credit, surety performance bond or corporate guarantee as specified by Ch. 301 and the RFB. The comparability of the particular escrow account arrangement proposed by a bidder is a matter within the sole discretion of the MPUC.

Q69. Regarding the certified statement required by Section 2.2 of the RFB, should the financial institution address the statement to the MPUC or the bidder for whom the bond or letter of credit would be provided.

A. Either is acceptable.

Q70. May I obtain the hourly loads for each standard offer class that were used historically by BHE for settlement? May I obtain number of customers in each class?

A. They may be obtained on EXCEL spreadsheets by accessing the "Q&A Spreadsheets" bullet on this Standard Offer web site.

Q71. Paragraph 7.3 of the standard form Contract provides in its third sentence - "For unmetered accounts, usage will be imputed. Are the bases for making this imputation specified in some other document?

A. For MPS's accounts, the basis can be found on an EXCEL spreadsheet by accessing the "Q&A Spreadsheets" bullet on this Standard Offer web site.

For BHE's accounts, the basis can be found on BHE's Street Lighting tariff, Class G-2, page 34, which may be accessed from the MPUC web page (janus.state.me.us and click on MPUC Complete Tariffs. The relevant tariff is in the 3rd block of tariffs shown for BHE). Area lights use the same imputation basis.

CMP's basis will be provided as soon as possible.

Q72. The second sentence in the answer to Question 2 above is confusing. Is the standard offer provider paid an amount that is related to customers' payments?

A. No. The standard offer provider is paid an amount that is equal to the provider's accepted bid price times the kilowatt-hours (and kilowatts) billed times the percentage share of the standard offer class, less a pre-set uncollectible percentage, regardless of the payment pattern of the customers.

Q73. Will CMP make an extra adjustment to customers' loads when prorating bill amounts on March 1, 2001, as suggested in Question 14 above?

A. No. CMP made a separate adjustment on March 1, 2000, but does not make such an adjustment when customers change providers, and will not make this adjustment on March 1, 2001.

Q74. Regarding Question 14 above: does CMP read all telemetered accounts on the last day of the month?

A. No, not *all* telemetered accounts. CMP will read all telemetered accounts of standard offer customers on the last day of February, 2001 in order to prorate the first bill that these customers receive from the new standard offer provider. The customer's monthly bill will be based on the normal monthly reading as it always is; the February 28th reading will be used to carry out the prorating.

Q75. Question 48 above implies that customers can switch both into and out of standard offer on a date other than their normal meter read date. Is this true?

A. No. A customer can switch *into* standard offer service off-cycle, and pay switching fees as described in question 48. A customer can only switch *out of* standard offer on its normal meter read date.

Q76. Regarding Q71, are imputed loads for CMP's territory available yet?

A. Yes. The basis can be found on an EXCEL spreadsheet by accessing the "Q&A Spreadsheets" bullet on this Standard Offer web site.

Q77. May I obtain the hourly loads for each standard offer class that were used historically by CMP for settlement? May I obtain number of customers in each class?

A. Loads may be obtained on an EXCEL spreadsheet by accessing the “Q&A Spreadsheets” bullet on this Standard Offer web site. The number of customers by standard offer class published on the Standard Offer web site are accurate, but further information can be obtained by accessing www.cmpco.com/cep/sop.

Q78. With respect to the RFP for the above Standard Offers, please clarify or confirm the following with respect to the hourly loads posted on the Web for various customer classes:
(1) Hour loads are at the customer meter?
(2) Explain how hourly weighted average or average is arrived at for each customer class?
(3) Monthly loads can be determined by multiplying the number of customers (meters) in that class by the total monthly hourly load for that customer class? Further, this monthly consumption should be the same as that contained in the monthly "Billing Determinants Units" spreadsheet posted on the web for BHE and CMP respectively? If the two monthly consumption are different, please explain?

A. Regarding CMP’s data, the answers are:

1. Yes
2. Averages used for profiles are determined using actual usage data obtained from random samples of each customer class.
3. Consumption used for customer billing and consumption used for settlement purposes are two separate and largely unrelated things. Billing data is based on actual usage measured at the meter. Meter reading and billing are done in 20 "cycles" throughout the month. Settlement is done on a calendar month basis. Load obligations include line losses and UFE (for profiled loads) in addition to usage estimates. For telemetered loads, line losses are added to actual measured usage for settlement purposes. It is also important to understand that load profiles accurately reflect load shapes, but are not necessarily true reflections of average usage. A better reflection of average usage per customer is the "aggregated load research class average data" which is available on our web site . For settlement purposes, load profiles are used in combination with a customer-specific usage factor to estimate each customer's overall usage for the month.

A(2). Regarding BHE’s data, the answers to Question 78 are:

1) Hourly loads are at the meter level and do not include losses.
2) For the Residential, Small Non-Residential, and Medium Non-Residential profiles, the average load is obtained by first multiplying each stratum's average by that stratum's weight and then summing to get the overall class average.

3) The profiles result from load study. They represent average hourly loads for typical days (weekday & weekend/holidays) for each month. These curves and average loads are used daily in estimating supplier loads, including standard offer. Total usage by class shown in the billing determinants files is taken from the Company's Customer Information System data warehouse. Given the information available to suppliers, it might be advisable to use standard ratio estimation to extrapolate the hourly profiles to the class level rather than mean per unit. However, that would be the choice of the supplier.

Q79. For the "small" class (residential and small non-residential), how do I convert the 1999 historical hourly load profiles given in http://janus.state.me.us/mpuc/RFB2000/cmp/Load_Res_99_CMP.xls and http://janus.state.me.us/mpuc/RFB2000/cmp/Load_Small_99_CMP.xls into hourly settlement profiles for the Standard Offer Service provider? For instance, is there a daily customer count I need to multiply the profiles by in order to obtain the settlement load?

A. (from CMP) Load profiles are an accurate reflection of load shape, but not necessarily of average usage. The "aggregated load research class average data" found on our web site is a better reflection of average usage per customer. For settlement purposes, we use the profile in combination with a customer-specific usage factor to estimate each customer's overall usage for the month. The usage factor is based on the customer's usage in relation to the profile. For example, if a customer's profiled usage for the month is 500 kWh, and the customer actually used 1000 kWh during the most recent billing period, the usage factor for that customer would be 2. The usage factor would be multiplied by the profiled load for each hour to calculate the load for settlement purposes.

Multiplying the customer count by the applicable profile would not be a good way to project the settlement load. It would be more accurate to multiply the customer count by the aggregated load research class average data, but please note that we do not recommend any particular method for projecting settlement loads. Customer count data can be found on our web site.

Q80. Can I get a list showing what profile class each of BHE’s rate codes is in?

A. A list is shown on the “Q&A Spreadsheets” bullet on this Standard Offer web site.

Q81. Question 18 refers to RPS and SBC, but does not state what they represent. What do the initials represent? Also, the delivery point is defined as the point designated in the contract with the local IOU. Is the contract in question the Standard Service Agreement or a different agreement? I was not able to find the delivery point definition in the RFP or the Standard Service Agreement. For some reason I seem to remember that delivery was to the NEPOOL PTF, but would like to confirm that.

A. RPS refers to the existing renewable portfolio standard; SBC to a system benefit charge that our Legislature may consider at some point as a replacement for the RPS.

The delivery point is specified in section 6 of the Standard Service Agreement. The delivery point to CMP and BHE is the local transmission network, and for MPS the transmission system administered by the Northern Maine ISA. To further clarify, PTF and local transmission charges associated with standard offer service are paid by customers through T&D rates.

A82. I have a few clarifying questions for the load forecast and settlement profile data on your website and for the historic load data that you have available.

1) The BHE website provides two sets of load profiles.
   1) Profiles by class (Residential, small-non-residential, med non-res etc.) and
   2) All class profiles.
   Please provide the units for these profiles (1&2) (eg kw/cust?)

2) Are both sets of profiles meter level loads (don't include losses) or have losses been incorporated into either profile?

3) I assume that the profiles by class (#1 above) are from load research samples. Are these profiles representative of the sample only, or are they adjusted to resemble the class average use in each month or for the year? In other words if the Medium non-residential sample averages 100,000 kwh per year but the Med non-residential class population averages 110,000 kwh per year is the profile for the class adjusted by 10% in each hour, adjusted by month, or not adjusted at all? How large is the sample by class?

4) Standard Offer and other load asset hourly settlements are to be calculated using a static load profile (Month/weekday/weekend for each month). I assume that settlements are ultimately reconciled to the actual metered loads for a control area each hour by scaling the profiled customer loads up/or down. In other words the actual settlement shape will vary from the static profile shape due to this reconciliation process.

Example:
Each Hour

Known Central Meter HRX	1000
- Known Interval Metered LoadAsset	300
- Profiled (estimated) Load Asset (Med SO)	300
- Profiled (estimated) Load Asset (Small SO)	300
- Profiled (estimated) Load Asset (X)	30
- etc	
equals a residual	70

I am assuming that this residual is spread proportionally (70/630 or 11% added to the three profiled loads) between the Load Assets that are profiled (estimated and not known) for each hour. Is this approximately correct? Are estimated losses applied to the known and estimated hourly loads before calculating and distributing the residual (in the example would the 300,300, 300 and 30 include losses or not?)

A. 1) The typical day profiles are published on Bangor Hydro's web page. The "all class profiles" to which you refer are to be found on the website of the Maine Public Utilities Commission. Both sets are in kWh per customer units.

2) Neither set of curves include losses.

3) Both sets are derived from load research and are not adjusted for total class usage. Sample sizes are 175 for Residential, 111 for Small Non-Residential, and 80 for Medium Non-Residential.

4) Unaccounted for Energy (UFE) is applied only to profiled load. It is applied proportionately according to each supplier's percentage of profiled load and can be either positive or negative. Losses are included for both telemetered (known)and profiled loads before UFE is calculated.

Q83. When I look at the billing determinants data I see a consistent 8% drop in year over year customer numbers in the Medium Commercial Class. Are the billing determinants data Standard Offer only? They seem to compare reasonably well with the March Oct 2000 Customer numbers (although not exactly.

What explains the consistently lower customer counts in the medium class? It seems to be too high for customers going to competetive suppliers (the numbers I have seen at PUC briefings are around 2%.)

A. The billing determinants data refer to all customers, not just those on Standard Offer. Numbers on the Standard Offer sheet merely rearrange the information from the various rate classes into the appropriate Standard Offer group.

You asked me to explain the consistently lower customer counts in the medium class. Did you mean lower in 2000 as compared to 1999? or lower in the 2000 billing determinants file compared to the figures in the customer count file which contains information from the settlement system for Mar-Oct, 2000? If it's the latter, please understand that the source of the billing determinants data was Bangor Hydro's data warehouse for customer information. Seeming inconsistencies in this data from month to month or year to year prompted the Commission to request that we provide hourly loads and counts for Standard Offer from Bangor Hydro's settlement system, which we have done. If your question relates to the 1999 and 2000 billing determinants files, I will have the DBA in charge of the data warehouse provide a more detailed explanation.

Q84. Could you explain to me how to derive the settlement loads for the small class given in http://janus.state.me.us/mpuc/RFB2000/bhe/Loads_Settle_Bhe.XLS from the historical hourly loads provided in http://janus.state.me.us/mpuc/RFB2000/bhe/Loads_Res_BHE.XLS and http://janus.state.me.us/mpuc/RFB2000/bhe/Loads_Small_BHE.XLS ?

To obtain the settlement loads, do we multiple the monthly profiles in Loads_res_BHE.xls by the monthly residential customer count and multiply the monthly profiles in Loads_Small_BHE.xls by the monthly small commercial customer count?

Also, why do the customer counts given in http://janus.state.me.us/mpuc/RFB2000/bhe/Custs_Settle_BHE.xls differ from the # of meters given in http://janus.state.me.us/mpuc/RFB2000/bhe/BUnits_2000_BHE.XLS?

A. The interval data found in the spreadsheet entitled Loads_Settle_BHE are standard offer loads by group. They were taken from the reports generated each day by Bangor Hydro's supplier load estimation system. These reports are sent to ISO-NE for use in the financial settlement process between ISO and the suppliers. The class average loads found in the files to which you refer are not used in the process.

The three IOUs in Maine filed methodology reports with the Maine Public Utilities Commission in early 2000 which may be of help in understanding how profiles are determined and how supplier loads are estimated. You might also find it beneficial to read Chapter 321, which addresses many of these issues. Chapter 321 is available on the MPUC's website.

The customer counts come from two different sources. Those in the Custs_Settle_BHE were obtained from Bangor Hydro's supplier load estimation system. The counts in the billing determinants spreadsheets come from the Customer Information data warehouse. The historical standard offer loads and counts were provided because of the month to month fluctuations found in the billing determinants files.

Q85. No streetlighting profile is provided. Are the streetlighting loads included in the small-nonres profile?

When I weather normalize and backcast the res and small profiles, the backcast exceeds the settlements for Small SO provided for March to October 2000. Since the Small SO supposedly includes Streetlighting and I have not yet included streetlighting in my analysis, I would expect my forecast of 7x8 small So loads to be biased downward. Is streetlighting included in the daily settlement data for the small SO?

A. There is a Deemed profile used in estimating hourly supplier lighting loads.

In the standard offer spreadsheets lighting load would be included within the Small group. Profiles used in estimating the small standard offer group are Residential, Small Non-Residential, and Deemed.

Q86. Since you do not recommend any particular method for estimating historical hourly settlement profiles and the nature of such hourly settlement profiles is crucial for valuation and risk calculations, could you provide the bidders historical hourly settlement profiles for the residential and small non-residential class for at least one year?

A. (from CMP) The settlement profiles should be calculated by CMP, since they are used for determining the load obligation of the current standard offer provider. My contention is that as bidders obtain more information regarding their actual load obligation, they can more readily identify their risks and costs and hence lower their potential bids. Historical settlement data is available. We do not recommend any particular method for projecting future loads.

A file containing actual settled loads for each standard offer class, and total system loads, from 3/1/2000 (when standard offer service began) through 11/26/2000 is available on the “Q&A Spreadsheets” bullet on this Standard Offer web site.

Q87. Question 79 is confusing. It appears to suggest the the two files in the Question (....Load_Res_99_CMP and ....Load_Small_99_CMP) contain profile data. It is my understanding that these two files contain hourly load data for each day, not profiles. And, based on the Answer to Q79, it seems to me that these two files contain the same data that is referred to as "aggregated load research class average data" on CMP's web site. Is my understanding correct?

A. Your understanding is correct. The answer erroneously assumed that the files referred to in the question were the profiles used for settlement. In fact, they are the aggregated load research class average data.

Q88. Has any bidder asked to change the Statement of Commitment?

A. Yes. An acceptable, optional, revised Statement of Commitment may be found on the Standard Offer RFB web site.

Q89. When will the names of the winning bidders be announced?

A. In response to concerns that have been expressed, the identities and accepted bid prices for standard offer providers designated by the Commission will not be made public until 2 weeks after designation.

Q.90. Are we required to place bids with and without the Maine RPS requirement? If so, where do we place the bid without the RPS requirement? Would that be on a separate bid sheet?

A. You're only required to provide a "without RPS" bid for periods after Feb. 2002. Doing it on a separate bid sheet would probably be the easiest.

Q91. Delivery point(s) is defined as Bangor's local transmission network. Does this mean delivery to the NEPOOL PTF is sufficient?

A. If your power sources are delivered onto the NEPOOL PTF, then yes. Bangor's retail customers pay for PTF service as part of our local transmission tariff. Note that PTF losses are also assigned to the loads at our local/PTF boundary.

Q92. Please confirm that the standard offer provider is supplying at retail (not wholesale).

A. It is supplying at retail.

Q93. Although the residential-class bid sheets seems to allow different prices for each year, the bidder cannot differentiate prices by year in a multi-year bid, right? For instance, in a two-year bid we cannot bid a price for year one that is different than the price for year two of the deal --- these prices must be the same.

My interpretation is based on the Pricing Structure explanation on page 22 of the rfb for CMP. I was slightly perplexed when I saw that the residential bid sheet left the potential for a different price bid for each year of the term.

A. I see how the language on p 22 of the RFB is confusing. A bid for the residential/small class cannot have prices that vary by time of year (i.e. by season), however the price in year 2 can be different than the price in year 1, etc. (See second sentence of the description on page 22.)

Q94. Can you please clarify as to how one would arrive at the peak historical monthly demand for each of the BHE and CMP customer category?

A. From BHE: Convert the average hourly loads found in the class 8760 files to percentages of total monthly load. Multiply these hourly percentages by the monthly total kWh for the class.

From CMP: Peak historical monthly demands should be ascertainable by looking at CMP's historical daily settlement data spreadsheet contained on the MPUC web page. This data includes total system loads, and loads for each of the standard offer classes. Please note that this data is the preliminary daily settlement data, and does not reflect month end adjustments. Also note that it includes distribution line losses and UFE, but not PTF losses.

Q95. We have the following files:

1. Loads_Settle_Bhe.XLS
2. Custs_Settle_BHE.xls
3. Loads_Res_BHE.xls

From the Q&A sheet, it is our understanding that to get to the historical actual load, we multiply the Weighted Mean kW per hour for each hour of the month (from #3) by the number of customers in the month (from #2). However, the loads are broken down to the Res & Small Non-res level, while the customer counts are a combined number. Also, when we try to calculate hourly load for the Medium class using the same process, our results don't match those in #1 above.

We understand that it is best to use the settlement loads, but there is no settlement load data for winter periods. Since we can't match the settlement data provided using the above process, we have no confidence that any winter settlement values we calculate would be correct.

We can't use this process for CMP and MPS because we don't have customer counts.

Is our process correct, and if so, why don't we get the same loads as in the settlement worksheet (#1)? If we are doing this wrong, please explain how we can calculate the settlement loads using the 1999 and 2000 data in #3.

A. The loads in Loads_Settle_BHE.xls are estimated hourly loads for the standard offer groups. Because they are derived from the daily settlement process they represent the standard offer load responsibility at ISO-NE. The hourly loads are from a combination of profiled loads and actual loads from telemetered customers. Losses and Unaccounted for Energy (UFE) are included.

In Custs_Settle_BHE.xls the counts represent standard offer customers only. The counts are the result of querying Bangor Hydro's settlement tables as of the last day of each month.

The average class loads found in Loads_Res_BHE.xls are derived from load research and represent the class as a whole, not just standard offer customers. They are not adjusted or extrapolated to the total residential population using customer counts. Rather, if it were necessary to extrapolate to the population, the weighted mean in each hour would be converted to a percentage of the total monthly load and then these percentages would be multiplied by total class usage taken from other sources, usually the Company's billing records.

It is true that the mean-per-unit method which you describe works reasonably well with the small class but not with the medium standard offer group.

There is no settlement data for winter months because competition did not begin in Maine until March 1, 2000.

There are no telemetered loads in either the residential or small (<25 kW) commercial classes. All loads are the result of multiplying the appropriate profile by each individual customer's usage factor, adding losses, summing to the provider level, and then apportioning UFE. The profiles and loss factors are static; the usage factors change with each new meter read and total UFE changes hourly. It is therefore difficult to recommend a methodology for deriving settlement loads from average class curves. Considering the information available to a potential standard offer supplier, it might be possible to establish a relationship between the average standard offer loads taken from the daily settlements and the average class loads provided. It would be important to remember that the settlement loads are based on typical weekdays and weekend/holidays for each month.

Q96. Are the meter counts in the BUnits_2000_BHE.xls based on billing months, or calendar months?

A. The customer counts in the billing determinants files represent the number of bills within any given month.

Q97. Are the loads in Units_2000_BHE.xls for a billing or calendar month?

Q97. The billing determinants data, both the customer counts and consumption, come from the same query of Bangor Hydro's Customer Information data warehouse. A separate query was run for each month, asking for all meters billed between the first and last day, inclusive.

Q98. Are the loads of Swans Island and Isle au Haut included in either the standard offer load file or the billing determinants files?

A. Both Swans Island and Isle au Haut are currently standard offer customers of Bangor Hydro. Their loads were therefore included in Loads_Settle_BHE.xls. They were not reported in the billing determinants files. If Swan's Island were to have competitive load that load would be removed from Bangor Hydro's standard offer service and reported separately by Swan's Island to ISO-NE. Responsibility for reporting for these two cooperatives after March 1, 2001 has not yet been determined

Q99. Is my understanding correct that Standard Offer Providers will be charged the fees listed in Appendix D of the RFP? I am primarily concerned with the billing charge of $0.26 per bill and the Information disclosure labels of $0.26 per label.

A. Your understanding is correct.

Q100. Daily customer numbers for small non-res and medium non-res shifted abruptly in opposite directions in late August and September in CMP's territory. The small- non res increased by more than 500 in a month while med-non-res decresed by 800 in 5 or 6 weeks. Is this a shift between classes or a move to competitive suppliers(by med non-res) or a relatively even combination of the two?

A. There was a significant number of medium C/I customers enrolled by competitive suppliers in September. This would account for approximately half of the decrease in the customer count for that standard offer class. The remaining differences probably result from a combination of factors which we cannot quantify.

Q101. What entitity is responsible for the cost of ancillary services?

Per the NEPOOL tariff, Schedule 1 (load scheduling system control and dispatch) and Schedule 2 (reactive power) charges are the responsibility of transmission providers. The costs for these are included in CMP's transmission and distribution rates or are allocated directly to customers.

Schedule 3 (AGC), Schedule 4 (energy imbalance), Schedule 5 (10 minute spinning reserve), Schedule 6 (10 minute non-spinning reserve) and Schedule 7 (30 minute reserve) are the responsibility of load serving entities.

The ISO's FERC Tariff for Transmission Dispatch and Power Administration also provides for allocation of costs. Schedule 1 (transmission dispatch) costs are the responsibility of transmission providers. Schedule 2 (energy administration) and schedule 3 (reliability administration) are the responsibility of load serving entities.

You may want to check the ISO web site for further and more detailed information.

Q102. Is there a list of bidders approved for Phase 2 bidding?

A. The Commission will not be publishing a list of bidders approved in Phase 1.

Q103. I've been told that certain ISO-NE/NEPOOL fees probably do not apply to the Standard Offer provider, but that the rules vary by utility. Could you verify the following?

The Standard Offer provider in CMP is not responsible for the following fees enumerated in the NOATT tariff:
Schedule 1: Scheduling, System Control, and Dispatch Service
Schedule 4: Energy Imbalance Service
Schedule 9: Regional Network Service charges (both the pool PTF rate and the local network RNS rate)

A. ISO and NEPOOL fees would apply to standard offer providers as to any other load serving entity.

With regard to the specific fees you asked about:

Schedule 1 charges (scheduling, system control and dispatch) and schedule 9 charges (RNS) are the responsibility of transmission providers and are included in CMP's transmission and distribution rates or are allocated directly to customers. Schedule 4 charges (energy imbalance service) are the responsibility of load serving entities.

Q104. If not enough bids come in for a particular rate class to cover 100% of the load, what type of contract award will the PUC make?

A. The Commission could designate standard offer provider(s) for less than a full class and seek suppliers for the rest either on its own or through the T&Ds.

Q105. How do holidays impact interval data?

A. From BHE: Our initial response is that the holiday schedule published on our website is the same used in the load estimation and settlement process. However, we're wondering if we might have misinterpreted your question.

Interval data is not impacted by holidays at all, at least not in estimating supplier loads. The meter of each telemetered customer is called each night and the previous day's actual hourly loads are used. It sometimes happens that a call cannot be completed and the customer has to be estimated using load data from its own history. These customers would never have one of the published profiles applied.

For profiled customers, if you want to be sure when weekend/holiday profiles are applied, the published Bangor Hydro holiday schedule should be followed.

There is a TOU Holiday schedule that differs from the schedule mentioned above. A TOU customer would have her usage reported in three time periods: Peak, Shoulder, and Off-Peak. On weekdays the peak periods are from 07:01 - 12:00 and 16:01 - 20:00. Shoulder is 12:01 - 16:00, and off-peak hours are from 20:01 - 07:00. On weekends and holidays there is no peak period and the shoulder period goes from 07:01 - 20:00. Off-peak remains the same.

You already have BHE's published holiday schedule. The TOU schedule is as follows. An observation day of "any" means that that holiday does not float. Regardless of whether the actual holiday differs from the observed date, for TOU purposes only the actual holiday is used.

Holiday	Day Observed
New Year's Day	Any
Martin Luther King	Third Monday
Presidents Day	Third Monday
Patriots Day	Third Monday
Memorial Day	Last Monday
Independence Day	Any
Labor Day	First Monday
Columbus Day	Second Monday
Veterans Day	Any
Thanksgiving	Fourth Thursday
Christmas	Any

You will note that the Martin Luther King holiday is included here, but not the day after Thanksgiving. Also, as I said above, any extra days off due to New Years, Independence Day, Veterans Day, and Christmas falling on weekends do not impact TOU hours.

Q106. Do the settlement loads by SO class (eg Small..) include losses to the PTF?

A. The settlement loads provided previously contain losses related to Bangor Hydro's distribution system. PTF losses are not included.