MAINE PUBLIC UTILITIES COMMISSION’S COMMENTS ON COMPLIANCE FILING BY CENTRAL MAINE POWER COMPANY

Pursuant to Rule 211 of the Rules of Practice and Procedure\(^1\) of the Federal Energy Regulatory Commission (“Commission”), the Maine Public Utilities Commission (“MPUC”) submits the following comments in response to a compliance filing made by Central Maine Power Company (“CMP”) on October 6, 2009. In support of the instant pleading, the MPUC provides as follows:

I. BACKGROUND

On April 1, 2009, CMP made a filing in the above-captioned docket seeking to implement a Construction Work In Progress (CWIP) incentive that the Commission had earlier approved. The Commission issued an order in response to CMP’s filing on August 7, 2009. *Central Maine Power Co.* 128 FERC ¶ 61,143 (2009) (“August 7 Order”). In the August 7 Order, the Commission found that CMP’s filing met one aspect of the prudence determination -- the requirement that the Project is consistent with a least-cost energy supply program.\(^2\) This finding was based on: (1) CMP’s agreement not to include CWIP in rates until after CMP received a Certificate of Need and Public Convenience (“CPCN”) from the MPUC (as well as any other required permits) and (2)

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\(^1\) 18 C.F.R. § 385.211 (2008).

\(^2\) August 7 Order at P 60.
the studies done in the ISO-NE planning process. However, the August 7 Order also held that another aspect of the filing, regarding certain requirements established in order to allow a prudence review, had not been met.3 Because the recovery of CWIP on a formulary basis is not permitted without prior Commission review of the cost schedules, the August 7 Order required CMP to submit a the compliance filing to explain CMP’s specific methodology for providing parties with an annual report of the construction costs.4 While the reports would not subject CMP to a comprehensive rate review, the reports had to provide more accurate cost information than the estimated cost schedules provided in CMP’s response to the Commission’s deficiency letter.5 On October 6, 2009, CMP made a compliance filing (“Compliance Filing”) purporting to comply with the August 7, 2009 Order.

II. COMMENTS

CMP’s Compliance Filing commits to filing the following information in its annual CWIP report:

- The actual amount of CWIP recorded each month for the Maine Power Reliability Project (“MPRP”) for the most recent calendar year;
- Forecast for the year end balance for the current calendar year;
- A summary and detail of accounting transfers between MPRP CWIP and Plant in Service;

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3 Id. at P 62.
4 Id.
5 Id. at n. 65.
• A statement of the current status of the MPRP project and estimated in-service date(s) for the project; and,

• The allocation of costs associated with the MPRP project among regional and local customers.

The Compliance Filing does not commit to provide the kind of detailed cost information required to be demonstrated under 18 C.F.R. § 35.13(h)(38), that the costs being recovered are prudently incurred. The burden should not be upon interested persons to file discovery requests to provide this kind of detailed information. While the required report will not subject CMP to a general rate case, it must be robust enough so that a discovery request does not have to ask for the basis for the entire filing or so that the Commission does not have to file a deficiency letter.

The Commission’s order in Southern California Edison Co., 125 FERC ¶ 61,337 (2008) (“Southern California Edison”) make clear that simply listing CWIP costs by category is insufficient to examine the prudence of these costs:

In the February Order, we directed SoCal Edison to submit a descriptive list of costs for the Projects that are included as CWIP in rate base. We explained that the purpose of this compliance filing was “to give all parties the opportunity to examine the prudence of such costs.” SoCal Edison subsequently filed an eleven page listing of actual expenditures from September 1, 2005 through November 30, 2007 of the costs of the Projects that it included as CWIP in rate base, and related expenses. This listing also included SoCal Edison’s projected CWIP in rate base costs from December 1, 2007 through December 1, 2008. In response to SoCal Edison’s filing, the CPUC protests that this compliance filing does not provide adequate information from which it may examine the prudence of these costs. Our review indicates that although the compliance filing provides costs broken down by project and delineated categories, i.e., Home Office, Materials, Construction, Overheads, and AFUDC, we find that this information is insufficient to allow for the opportunity to examine the prudence of such costs. SoCal Edison did not include in its submission workpapers that provide detailed information about each specific category of costs, and we find that this information is necessary to allow the
opportunity for such examination. Therefore, we direct SoCal Edison to file workpapers and all other appropriate documentation to support its costs for the Projects.6

The minimal data that CMP proposes to provide is similar to the type of data that the Commission found insufficient in *Southern California Edison*. Accordingly, CMP should be required to provide workpapers that provide detailed information about each specific category of costs so that interested persons and the Commission have an opportunity to examine the prudence of such costs.

### III. CONCLUSION

For the foregoing reasons, the MPUC respectfully requests that the Commission direct CMP to commit to providing, in its annual CWIP reports, sufficient detail and workpapers that will allow parties to examine the prudence of the CWIP costs that CMP seeks to recover.

Dated: October 27, 2009

Respectfully submitted,

/\s/
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6 *Southern California Edison* at P 11 (internal citations omitted) (emphasis added).
CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the service list compiled by the Secretary in this proceeding either by U.S. Mail or electronic service, as appropriate. Dated at Augusta, Maine, this 27th day of October, 2009.

/s/ Benjamin J. Smith
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