

127 FERC ¶ 61,186
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

May 28, 2009

In Reply Refer To:
Bangor Hydro-Electric Company,
Docket Nos. ER09-934-000
ER09-934-001
ER09-936-000

Karen M. Redford
Vice President of Legal and Regulatory Affairs
Bangor Hydro-Electric Company
P.O. Box 932
Bangor, ME 04402-0932

Clifford S. Sikora
Jeffrey M. Jakubiak
Anne K. Dailey
Troutman Sanders LLP
401 9th Street, NW., Suite 1000
Washington, DC 20004

Dear Ms. Redford:

1. On April 1, 2009, you filed proposed revisions to Schedule 21-BHE of the ISO New England Inc. (ISO-NE) Open Access Transmission Tariff (OATT) to implement a “forward-looking” formula rate in Docket ER09-934-000 simultaneously with an informational filing in Docket ER09-936-000 that updated its existing formula rate. Next, you filed corrections to the filing on April 17, 2009. For the reasons discussed below, the Commission accepts the revisions to Schedule 21-BHE¹ of the ISO-NE OATT subject to conditions, to be effective June 1, 2009, as proposed.

¹ Original Sheet Nos. 1764a-1764ee, First Revised Sheet Nos. 1722-1730, 1733, 1735, 1738-1747, 1753-1757, 1760, 1763, Second Revised Sheet Nos. 1731-1732, 1734,
(continued)

2. You explained that the forward-looking approach is consistent with the formula rates employed by other transmission owners² in the region served by ISO-NE for their local transmission service, as well as with the formula used by the ISO-NE for regional transmission service. You stated that Bangor Hydro proposes a forward-looking formula rate to reduce the cost recovery lag associated with the current formula, which can delay cost recovery for up to eighteen months. Under the current formula, you explained, Bangor Hydro incurs costs during a calendar year; however, such costs are not populated in the current formula rate until June 1 of the succeeding calendar year. You further explained that the forward-looking formula rate proposed will more closely align the time at which the cost is incurred and the time the cost is recovered through rates. Because the formula includes an annual true-up mechanism, customers will be protected from overpaying for local transmission service.

3. Notice of Bangor Hydro's April 1, 2009 filing was published in the *Federal Register*, 74 Fed. Reg. 17,189 (2009), with comments, protests and interventions due on or before April 22, 2009. PPL EnergyPlus, LLC, PPL Maine, LLC and PPL Great Works, LLC (jointly, PPL) filed a timely joint motion to intervene. Northeast Utilities Company (Northeast Utilities) filed a timely motion to intervene and the Maine Public Utilities Commission (the Maine Commission) filed a timely notice of intervention and comments. Notice of Bangor Hydro's April 17, 2009 filing was published in the *Federal Register*, 74 Fed. Reg. 19,074 (2009), with comments, protests and interventions due on or before May 8, 2009.

4. The Maine Commission argues that while it generally supports Bangor Hydro's change to a forward-looking formula rate, the fact that transmission is a much larger part of Bangor Hydro's business in proportion to its role as a distributions utility necessitates a change in the allocation of common costs between transmission and distribution. In its comments, and again in a report submitted May 15, 2009, the Maine Commission states that it has discussed this issue with Bangor Hydro and that Bangor Hydro is willing to work toward a resolution.

1737, 1748, 1752, 1758, 1761-1762, 1764, Third Revised Sheet Nos. 1736, 1749-1750, 1759, and Fifth Revised Sheet No. 1751

² See Filing of Central Maine Power Company to Modify Timing for Recovery of New Transmission Investments Under Schedule 21-CMP of the ISO New England Open Access Transmission Tariff, Docket No. ER06-808-000 (March 31, 2006), accepted by Letter Order dated May 16, 2006; the United Illuminating Company, Docket No. ER05-1409-000 (August 30, 2005), accepted by Letter Order dated November 16, 2005. See also, e.g., *Xcel Energy Servs., Inc.*, 122 FERC ¶ 61,098, at P 75 (2008).

5. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2008), the timely, unopposed motions to intervene and notice of intervention make PPL, Northeast Utilities and the Maine Commission, respectively, parties to the proceeding.

6. As the parties are engaged in ongoing discussions with a view towards resolving the Maine Commission's concerns amicably, the Commission will accept and suspend this filing and make it effective June 1, 2009, as requested, subject to refund and further Commission order.

7. In our review of Attachment P included within Schedule 21-BHE, in several instances the formula references do not correspond to the actual computations. Specifically, Schedule 21-BHE, Original Sheet No. 1764m, lines 5, 12, and 19 should refer to the line numbers directly above them, not lines 3 and 5, and in Attachment P, Exhibits 14a and 14c, lines 12 and 13, the formula references are not consistent with the amounts shown in column d. The calculations are consistent with the verbal description in Attachment P. Bangor Hydro must correct the references within 30 days of the date of this order.

8. Additionally, we find that Docket No. ER09-936-000 is now moot because that filing was based on the backward-looking formula that no longer applies as of the issuance of this order and the data required for the current year's informational filing based upon the revised formula, is contained in Docket No. ER09-934-000. Therefore Interested Parties must follow the procedures set forth in Attachment P-BHE, Section IV to resolve any potential disputes regarding the informational filing.

9. The parties are directed to inform the Commission no later than June 15, 2009 on the status of negotiations and file an amendment to Bangor Hydro's April 22, 2009 filing, as necessary, to reflect the resolution of the issues.

By direction of the Commission.

Kimberly D. Bose,
Secretary.