

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

August 14, 2006

In Reply Refer To:
Bangor Hydro-Electric Company
Docket No. ER00-980-013

Wright & Talisman, P.C.
1200 G. Street, N.W.
Suite 600
Washington, D.C. 20005-3802

Attn: Deborah C. Brentani

Dear Ms. Brentani:

1. On June 15, 2006, on behalf Bangor Hydro-Electric Company (Bangor Hydro), you submitted an annual update under section 2.11 of the Settlement Agreement filed on November 1, 2000 in Docket No. ER00-980-000,¹ showing the implementation of Bangor Hydro's formula rate for the charges that became effective on June 1, 2006.
2. Notice of the filing was published in the *Federal Register*, 71 Fed. Reg. 38,392 (2006), with comments, protests and interventions due on or before July 6, 2006. On July 13, 2006, the Maine Public Utilities Commission filed a motion to intervene.
3. We will grant the State of Maine Public Utilities Commission's untimely intervention, given its interest, the early stage of this proceeding, and the absence of undue prejudice or delay.
4. Bangor Hydro states that the filing reflects adjusted charges associated with the one month delay in the implementation of changed retail transmission rates in order to coincide with Bangor Hydro's annual distribution rate changes, which take effect July 1 of each year. Bangor Hydro also states that these charges, as well as other adjustments to correct billing and input errors that caused Bangor Hydro's Rate formula to be improperly implemented during the prior rate period, are fully described in Attachment 2 to the filing (Rebilling for Bangor Hydro's Rate Formula Filing as of June 1, 2005).

¹ *Bangor Hydro-Electric Co.*, 94 FERC ¶ 61,208 (2001).

We find that these adjustments are consistent with Bangor Hydro's tariff, and we accept them.

5. Bangor Hydro further states that consistent with section 3.5 of the October 10, 2003 Settlement Agreement in Docket Nos. ER00-980-007, *et al.*, which we accepted on October 30, 2003,² it has discounted its transmission charges to remove the effect of the inclusion of its acquisition premium in the calculation of the charges and has posted this discount on its OASIS.³ We find that this is consistent with the Settlement Agreement in Docket No. ER00-980-000, *et al.*, and we accept the adjustment.

6. Bangor Hydro also states that the filing reflects ministerial revisions to certain FERC Form No. 1 references and the elimination of obsolete references in the Rate Formula template. Specifically, these revisions include the elimination of line 5a on Exhibit 5 and the associated work paper, and a revision to the FERC Form No. 1 reference on line 14 of Exhibit 5. Bangor Hydro states that as required under the ER00-980-000 Settlement Agreement, and after providing notice to ISO-New England and the NEPOOL Transmission Committee members, Bangor Hydro will submit these ministerial Rate Formula Changes to the Commission on or about July 3, requesting an effective date of June 1, 2006. According to Bangor Hydro, it contemplates no substantive changes to its Rate Formula in that filing and believes that the ministerial revisions will not be opposed by any party.⁴ Therefore our acceptance of this informational filing is subject to the outcome of Docket No. ER06-980-014.

7. Additionally, the Commission notes that the 12.8 percent return on equity (ROE) that Bangor Hydro is using in its formula rates is pending before the Commission in Docket No. ER04-157-000, *et al.* The Commission, in its March 24, 2004 Order in that docket⁵ (RTO Order), accepted and suspended, and made effective, subject to refund, a

² See *Bangor-Hydro Electric Co.*, Docket No. ER00-980-008 (Oct. 30, 2003) (unpublished letter order).

³ According to Bangor Hydro, this discount originally was implemented at the request of the Maine Public Utilities Commission, which raised questions about Bangor Hydro's inclusion of its merger acquisition payment in the calculation of the transmission rates.

⁴ We note that on July 3, 2006, in Docket No. ER06-980-014, Bangor Hydro submitted an offer of settlement, including revised tariff sheets. We will address the offer of settlement by separate order.

⁵ *ISO New England, Inc.*, 106 FERC ¶ 61,280, at P 2-3, 232-50, *errata*, 107 FERC ¶ 61,051, *order on reh'g*, 109 FERC ¶ 61,147 at 193-207 (2004).

proposed 12.8 percent ROE effective as of the New England RTO Operations Date, February 1, 2005, and set that matter for hearing. Therefore, our acceptance of this filing is subject to the outcome of that proceeding.

8. Bangor Hydro's filing, as discussed in the body of this order, is hereby accepted for filing and suspended for a nominal period, to become effective June 1, 2006, as requested, subject to refund, and subject to the outcome of Docket Nos. ER00-980-014 and ER04-157-000, *et al.*

By direction of the Commission.

Magalie R. Salas,
Secretary.