

STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: September 27, 2013**AT (OFFICE):** NHPUC**FROM:** 
David Goyette, Utility Analyst III**SUBJECT:** DM 13-228 FairPoint Energy, LLC
Renewal of Registration as Competitive Electric Power Supplier**TO:** Commission
Debra Howland, Executive Director

On July 30, 2013, FairPoint Energy, LLC (FairPoint Energy) f/k/a Viridian Energy MD, LLC (Viridian)¹ filed an application to renew its registration as a competitive electric power supplier (CEPS). The initial filing included a surety bond for the amount of \$350,000 with the Commission listed as obligee, with a “continuous until cancelled” term. On September 19, 2013 the company submitted additional information required for its application, including an amendment that extended for one year the letter of credit it filed with its initial CEPS application under Docket No. DM 11-175. The filing also included a request to waive the minimum 5 year and 90 day term required for financial assurance instruments under Puc 2003.03 (a)(5)b. FairPoint Energy explained that it was unable to obtain a surety bond or letter of credit that meets this requirement due to financial market conditions. On September 26, 2013, FairPoint Energy asked to withdraw the amended letter of credit and stated it would instead use the surety bond it filed on July 30, 2013 as its proof of financial assurance. On September 27, 2013, FairPoint Energy filed a rider which made a correction to its surety bond.

Staff has reviewed the information in the application, and, if the Commission were to grant approval of the waiver request, believes it meets the requirements of Puc 2003 and 2006.01. Staff notes that when it filed its initial application, under Docket No. DM 11-175, Viridian made a similar waiver request and proposed that it would renew its registration annually, so that the term of its surety bond coincided with the term of its CEPS registration. On January 31, 2012, the Commission granted Viridian’s waiver request and permitted its registration for a term that ended September 30, 2013. Staff now recommends that the Commission grant FairPoint Energy’s request for a waiver of Puc 2003.03 (a)(5)b and, as Viridian originally proposed and because FairPoint Energy’s surety bond does not meet the 5-year and 90-day requirement, that the Commission grant the registration for a term of 1 year, beginning on the date after its currently active registration expires, October 1, 2013, and ending on September 30, 2014. Staff also recommends, if the Commission grants the requested waiver, that the Commission notify

¹ On June 1, 2012, Viridian notified the Commission that it was changing its name from Viridian Energy MD, LLC to FairPoint Energy, LLC.

FairPoint Energy that the financial security rules are likely to change by September 2014 and that FairPoint Energy should monitor the rulemaking process and plan accordingly.

In Docket No. DM 11-175 and under the instant docket FairPoint Energy filed evidence that it has completed EDI testing with PSNH and Unitil Energy Services (UES). Staff, therefore, recommends the Commission approve FairPoint Energy's application to renew its registration as a CEPS, and that it permit the company to operate only in the service areas of PSNH and UES.

If FairPoint Energy seeks to operate in the service areas of other distribution utilities it can do so by filing a request, with the Commission, to extend its service territory, and by providing proof that it has completed EDI testing with each distribution utility in whose service area it requests to operate. Staff will then review the request and make its recommendation to the Commission.