

STATE OF NEW HAMPSHIRE**Inter-Department Communication**

DATE: April 15, 2016
AT (OFFICE): NHPUC

FROM:  David Goyette, Utility Analyst III

SUBJECT: DM 16-237, Ethical Electric, Inc.
Renewal of Registration as Competitive Electric Power Supplier

TO: Commissioners
Debra Howland, Executive Director

Executive Summary

Ethical Electric has applied to renew its registration as a competitive electric power supplier. Ethical Electric's current registration expires on April 15, 2016. Ethical Electric submitted a sample residential and small commercial customer contract and a certificate demonstrating it completed EDI testing with NHEC. Ethical Electric is currently secured by a letter of credit in the amount \$100,000, with an expiration date of July 16, 2016, which Ethical Electric filed with the Commission under its registration in Docket No. DM 15-071. Ethical Electric provided Commission Staff with an electronic version of a fully executed surety bond in the amount of \$100,000, which cannot be terminated before April 14, 2017, and a request for a waiver of the five-year and 90-day term requirement for financial security, the originals of which Ethical Electric stated would be filed during the week ending April 22, 2016. If the Commission were to grant the requested rule waiver, Staff believes the filing is acceptable. Staff recommends the Commission grant the waiver and approve the application, for service in the franchise area of NHEC, for a renewal registration period ending on the last day of the initial term of the surety bond.

Background and Analysis

On February 16, 2016, Ethical Electric, Inc. (Ethical Electric) filed an application to renew its registration as a competitive electric power supplier (CEPS). Ethical Electric's currently active registration, which the Commission approved in Docket No. DM 15-071, expires on April 15, 2016. Ethical Electric's application included a certificate demonstrating that it has completed EDI testing with New Hampshire Electric Cooperative, Inc. (NHEC) and evidence that it is able to obtain supply in the New England energy market. On April 15, 2016, Ethical Electric filed a revised version of page two of its application form, in which it stated that it will only serve customers in NHEC's territory at this time, and a sample of a residential and small commercial customer contract.

On August 4, 2015, under Docket No. DM 15-071, the Commission accepted a letter of credit (LOC) submitted by Ethical Electric in the amount of \$100,000, which became effective July 16, 2015, names the Commission as beneficiary, and has a term that expires on July 16, 2016. On April 15, 2016, Ethical Electric emailed Commission Staff an electronic version of a fully executed surety bond in the amount of \$100,000, which became effective on April 14, 2016, names the Commission as obligee, and cannot be terminated prior to April 14, 2017, and a request for a waiver of Puc 2003.03(a)(5)(b), which requires that the financial security filed with a CEPS renewal application have a term of not less than five years and 90 days, the originals of both of which Ethical Electric stated it would file with the Commission during the following week ending on April 22, 2016.

Staff has reviewed the information in the application and, if the Commission were to grant approval of the waiver request of the financial security term requirement, believes it meets the requirements of Puc 2003 and 2006.01. Staff notes that Ethical Electric has committed to file the original surety bond during the week ending April 22, 2016, so there will be no gap in financial security coverage as the LOC remains in effect until July 16, 2016. Staff recommends that the Commission grant the request for a waiver of Puc 2003.03(a)(5) and, because the surety bond does not meet the five-year and 90-day requirement and because it could be terminated after April 14, 2017, that the Commission approve a renewal registration period with a term running until the earliest possible termination date of the surety bond, beginning on the expiration date of the currently active registration, April 15, 2016, and ending at the close of business on April 14, 2017. Staff also recommends that, if the Commission grants the requested waiver, the Commission notify Ethical Electric that the financial security rules are likely to change during 2016 and that Ethical Electric should monitor the rulemaking process in Docket No. DRM 13-151 and plan accordingly with respect to future operations in New Hampshire.

Ethical Electric filed documentation that demonstrates it has completed EDI testing with NHEC. Staff therefore recommends that the Commission approve Ethical Electric's application to register as a CEPS, and that it permit Ethical Electric to serve residential and small commercial customers and operate only in the service area of NHEC. If Ethical Electric 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 area, and by providing proof that it has completed EDI testing with each distribution utility in whose franchise area it requests authority to operate. Staff will then review the request and make a recommendation to the Commission.

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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FILING INSTRUCTIONS:

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:**
- DEBRA A HOWLAND
EXEC DIRECTOR
NHPUC
21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429
- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.**
- c) Serve a written copy on each person on the service list not able to receive electronic mail.**