

STATE OF NEW HAMPSHIRE

BEFORE THE

PUBLIC UTILITIES COMMISSION

Re: GRANITE STATE ELECTRIC COMPANY D/B/A LIBERTY UTILITIES

DOCKET NO. DE 14-031

Default Service rates

OFFICE OF CONSUMER ADVOCATE'S COMMENTS ON
MAINE PUBLIC UTILITIES COMMISSION 2006 ORDERS

The Office of Consumer Advocate (OCA) respectfully files these comments on Maine Public Utilities Commission (MPUC) Orders in Docket No 2006-513 as discussed on the September 24, 2014 hearing in the above captioned case. The orders referenced are: "Order Rejecting Standard Offer Bids And Directing MPS To Provide Standard Offer Service And Notice Of Inquiry (November 16, 2006 Order) and Order Granting Reconsideration And Designating Standard Offer Provider (December 18, 2006 Order). (Collectively, "2006 Orders").

I. Comments

The OCA submits the 2006 Orders to demonstrate that suppliers may respond to a commission order rejecting bid results with a good faith renegotiation. The MPUC found that "[w]hen we rejected the bids and directed MPS to supply the standard offer through wholesale arrangements, we took a risk that the prices could be higher than the rejected bid prices." *December 18, 2006 Order at 3*. However, in response, the supplier "lowered its bid on reconsideration." *Id.* Ultimately, the MPUC reconsidered the revised bid submission with additional bidder conditions added, and granted the modified standard offer proposal. *Id.*

In the Maine case, the MPUC rejected the RFP results as non-competitive as the solicitation produced two bids from a single supplier. *November 16, 2006 Order at 2*. Liberty's situation is not the same. (See *Exh 5* Confidential record at Bates 50-51 for number of bids received). However, even if this Commission finds that the resulting bids were sufficiently competitive, in New Hampshire the Commission is not limited to rejecting the results of a bid solicitation based solely on the number of bids received. This commission has the authority to investigate whether the resulting rates after a bid solicitation are just and reasonable. RSA 378: 7. By finding that results of a 6 month solicitation would cause an unreasonable rate impact to customers, the commission may exercise its authority to reject the results of Liberty's RFP because the resulting rates are not just and reasonable.

At the time that MPUC issued its 2006 RFP, the terms sought were for 26 months and 50 months. *December 18, 2006 Order at 1*. In rejecting the solicitation, the MPUC sought standard offer service for a shorter period, 14 months, and "opened an inquiry to consider possible long term solutions to the lack of competition in northern Maine." *Id at 2*. In 2006 the economic conditions indicated that a shorter time period for a solicitation might be preferable. *Id*. The MPUC sought to respond to uncompetitive market conditions while looking at a long term solution.

A similar regulatory response is available to New Hampshire's commission. In New Hampshire, the Commission is responding to a supplier tendency to over compensate for the risk of the tight winter market. In 2014, economic conditions are such that a longer time solicitation may be preferable to one of 6 months. By changing the timeframe of the solicitation from 6 months to 12 or 24 months, and completing its investigation into alternatives to a limited RFP response, the NHPUC could respond to the rate impact of a short term 6 month solicitation by smoothing out the winter

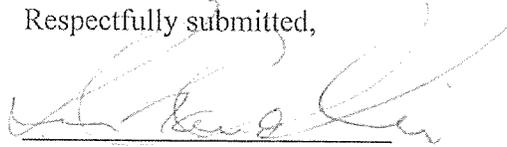
risk. The NHPUC can then continue its long term investigation into alternatives for times when utilities have difficulty securing energy supplies at reasonable rates.

II. Conclusion

WHEREFORE, the OCA respectfully requests the Commission reject the results of the Liberty bid solicitation pursuant to RSA 378:7 as the resulting rates are not just and reasonable and direct Liberty to reissue a solicitation for a longer period of time; or

Alternatively, lower the immediate rate impact for consumers by spreading the costs of the high winter energy prices over the entire year.

Respectfully submitted,

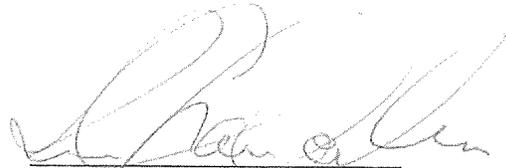


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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing comments was forwarded this day to the parties by electronic mail.

September 25, 2014



Susan W. Chamberlin