

STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: July 16, 2015

AT (OFFICE): NHPUC

NHPUC 16 JUL 15 PM 1:58

FROM: David Goyette, Utility Analyst III
David

SUBJECT: DM 15-180, FairPoint Energy, LLC
Renewal of Registration as Competitive Electric Power Supplier

TO: Commissioners
Debra Howland, Executive Director

Executive Summary

FairPoint Energy has applied to renew its registration as a competitive electric power supplier. FairPoint Energy's current registration expires on July 26, 2015. FairPoint Energy submitted a sample residential customer contract, certificates demonstrating it completed EDI testing with Eversource Energy and Unitil Energy Systems, a one-year surety bond in the amount of \$350,000, and a request for a waiver of the five-year and 90-day term requirement for financial security. 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 only in the franchise areas of Eversource and UES, for a renewal registration period ending on the termination date of the surety bond.

Background and Analysis

On May 26, 2015, FairPoint Energy, LLC (FairPoint Energy) filed an application to renew its registration as a competitive electric power supplier (CEPS). FairPoint Energy's currently active registration, which the Commission approved in Docket No. DM 14-204, expires on July 26, 2015. FairPoint Energy's application included a surety bond in the amount of \$350,000, with a one-year term that expires on July 26, 2016, and names the Commission as beneficiary. On July 16, 2015, FairPoint Energy filed a sample residential and small commercial customer contract.

On May 26, 2015, FairPoint Energy submitted, under a separate filing, a request for a waiver of Puc 2003.03(a)(5), which requires the financial security filed with a CEPS renewal application have a term of 5 years and 90 days. FairPoint Energy explained that, due to financial market conditions, a surety bond with a five-year and 90-day term is not available unless FairPoint Energy obtains and provides a letter of credit. FairPoint stated that, although it would be willing to obtain and provide a letter of credit to secure a surety bond that meets the term requirements of Puc 2003(a)(5), it is still only able to obtain a letter of credit with a one-year term due to current financial market conditions.

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 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 5-year and 90-day requirement and because it expires on July 26, 2016, that the Commission approve a renewal registration period with a term concurrent with the surety bond, beginning on the expiration date of the currently active registration, July 26, 2015, and ending on July 26, 2016. Staff also recommends that, if the Commission grants the requested waiver, the Commission notify FairPoint Energy that the financial security rules are likely to change during 2015 and that FairPoint Energy should monitor the rulemaking process in Docket No. DRM 13-151 and plan accordingly with respect to future operations in New Hampshire.

FairPoint Energy filed documentation that demonstrates it has completed EDI testing with Public Service Company of New Hampshire, d/b/a Eversource Energy (Eversource) and Unitil Energy Services (UES). Staff, therefore, recommends that the Commission approve FairPoint Energy's application to renew its registration as a CEPS, and that it permit FairPoint Energy to operate only in the service areas of Eversource 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 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
EXECUTIVE DIRECTOR
NHPUC
21 S. FRUIT ST, SUITE 10
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- 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.**