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FEDERAL ENERGY
REGULATORY COMMISSION



February 9, 2004

Honorable Magalie R. Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

Re: Bangor Hydro-Electric Company, Docket No. TS04-98-000;
Informational Filing Pursuant to Order No. 2004

Dear Ms. Salas:

Pursuant to the Federal Energy Regulatory Commission's ("FERC" or "Commission") Order No. 2004, Standards of Conduct for Transmission Providers, Order No. 2004, 105 FERC ¶ 61,248 (2003), and the Commission's January 16, 2004 "Guidance on Informational Filings and Implementation Procedures for Standards of Conduct Under Order No. 2004,"¹ Bangor Hydro-Electric Company ("Bangor Hydro") submits its informational filing.

I. BACKGROUND

On November 25, 2003, the Commission issued Order No. 2004 establishing standards of conduct that will apply uniformly to natural gas and transmitting public utilities. The standards of conduct govern the relationship between transmission providers and their energy affiliates. The Commission stated that the "Final Rule will ensure that Transmission Providers cannot extend their market power over transmission to wholesale energy markets by giving their Energy Affiliates unduly preferential treatment." Order No. 2004 at P 1.

The Final Rule removes the Commission regulations in 18 C.F.R. § 37.4 regarding standards of conduct for public utilities and adopts new regulations, 18 C.F.R. part 358.

¹ Standards of Conduct for Transmission Providers, 106 FERC ¶ 61,017 (2004) ("January 16 Guidance").

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These regulations require that transmission providers comply with the provisions of 18 C.F.R. part 358. Included in the requirements of the Final Rule regarding independent functioning (18 C.F.R. § 358.4) and non-discrimination requirements (18 C.F.R. § 358.5), are required written procedures that transmission providers must comply with. These written procedures include that transmission providers must:

- By February 9, 2004, file with the Commission a plan and schedule for implementing the standards of conduct and to post the plan on the OASIS or its Internet Web site;²
- By June 1, 2004, comply with the standards of conduct and post procedures on the Internet that will permit the Commission and customers to determine if the transmission provider is in compliance with the standards of conduct requirements;³
- Distribute the written procedures to all employees and all employees of Marketing and Energy Affiliates;⁴
- Require all employees to attend training and to sign affidavits certifying that they have been trained regarding the standards of conduct;⁵ and
- Designate a Chief Compliance Officer to be responsible for standards of conduct compliance.⁶

The January 16 Guidance provides additional guidance regarding what should be included in the required February 9, 2004 informational filing. The January 16 Guidance indicated that the February 9, 2004 informational filing should include certain information including:

- identifying whether the Transmission Provider is currently in compliance with the requirements of Order No. 2004;⁷
- identifying the types of structural and/or organizational changes it expects to make prior to June 1, 2004 to be compliant with Order No. 2004;⁸

² Order No. 2004 at P 4; 18 C.F.R. § 358.4(e)(1).

³ Order No. 2004 at P 4; 18 C.F.R. § 358.4(e)(2) & (3).

⁴ 18 C.F.R. § 358.4(e)(4).

⁵ 18 C.F.R. § 358.4(e)(5).

⁶ 18 C.F.R. § 358.4(e)(6).

⁷ June 16 Guidance at P 4.

⁸ Id.

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- identifying the general measures it expects to take to be in compliance by June 1, 2004;⁹ and
- identifying all projected compliance costs broken down for each element of compliance.¹⁰

II. INFORMATIONAL FILING

Bangor Hydro is a small electric utility primarily engaged in the transmission and distribution of electric energy and related services to retail customers located in eastern and coastal Maine in the counties of Penobscot, Hancock, Washington, Waldo, Piscataquis, and Aroostook. Bangor Hydro also serves two small wholesale customers located in these areas. Bangor Hydro owns approximately 600 miles of transmission lines and 4,000 miles of distribution lines. Bangor Hydro provides limited transmission under its open access transmission tariff. Bangor Hydro's higher voltage transmission facilities are under the control of the New England Independent System Operator, Inc. ("ISO-NE"). Bangor Hydro is subject to the requirements adopted in Order No. 2004.

Bangor Hydro previously was found in compliance with the standards of conduct provisions of 18 C.F.R. § 37.4.¹¹ Accordingly, Bangor Hydro is generally in compliance with the regulations adopted in Order No. 2004. To become fully compliant with the regulations adopted in Order No. 2004, Bangor Hydro plans to make revisions to its current posted standards of conduct and other documents and to implement new requirements, as more fully detailed below.

In compliance with Order No. 2004 and the January 16 Guidance, Bangor Hydro identifies in this informational filing: (A) the provisions of the adopted regulations that it is currently in compliance with; (B) the types of structural and/or organizational changes it expects to make prior to June 1, 2004 to be compliant with Order No. 2004; (C) the general measures it expects to take to be in compliance by June 1, 2004; and (D) the projected compliance costs for each element of compliance. Concurrent with this filing, Bangor Hydro will post this plan and schedule of implementation of the standards of conduct requirements adopted in Order No. 2003 on the OASIS and Internet Web site.

⁹ Id.

¹⁰ June 16 Guidance at P 5.

¹¹ Ariz. Pub. Serv. Co., 84 FERC ¶ 61,320, at 62,433-34 (1998); see also Bangor Hydro-Elec. Co., 86 FERC ¶ 61,044, at 61,168 (1999).

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A. Identification Of Provisions Of Order No. 2004 That Bangor Hydro Is Currently In Compliance With

As stated earlier, Bangor Hydro currently is in compliance with the standards of conduct provisions of 18 C.F.R. § 37.4.¹² Consistent with that compliance, Bangor Hydro is currently in compliance with the following provisions of the regulations adopted in Order No. 2004:

- § 358.4(a) Separation of Functions – Bangor Hydro currently is in compliance with this section.
- § 358.4(d) Books and records – Bangor Hydro currently complies with this section.

B. Identification Of The Types of Structural And/Or Organizational Changes That Bangor Hydro Expects To Make Prior To June 1, 2004

Bangor Hydro does not believe that any structural and/or organizational changes will be necessary to be in compliance with Order No. 2004. Accordingly, Bangor Hydro does not anticipate that it will make any structural and organizational changes prior to June 1, 2004 to be in compliance with Order No. 2004.

C. Identification Of The General Measures Bangor Hydro Expects To Take To Be In Compliance With Order No. 2004 By June 1, 2004

As mentioned above, Bangor Hydro currently is in compliance with 18 C.F.R. § 37.4. Generally, much of the actions necessary for Bangor Hydro to comply with the adopted regulations require revisions to Bangor Hydro's current posted standards of conduct and various organizational charts to incorporate the changes in the adopted regulations. Specifically, to implement the standards of conduct adopted in Order No. 2004, Bangor Hydro plans to take the following general measures.

- To comply with § 358.4(b) Bangor Hydro will, prior to June 1, 2004, (1) update its identification, including the names and addresses, of its sales and marketing units and Energy Affiliates on its OASIS or Internet Web site; (2) post on its OASIS or Internet Web site a complete list of the facilities shared by Bangor Hydro and its marketing or sales units or any Energy Affiliate; (3) post updated comprehensive organization charts of the parent corporation structure, an updated Bangor Hydro organizational chart; and updated

¹² Ariz. Pub. Serv. Co., 84 FERC ¶ 61,320, at 62,433-34 (1998); see also Bangor Hydro-Elec. Co., 86 FERC ¶ 61,044, at 61,168 (1999).

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information regarding employees who are engaged in transmission function and will plan to update the posted information as required.

- To comply with § 358.4(c) Bangor Hydro will revise its currently posted Standards for Company and Employee Conduct to include the transfers of employees of marketing and sales units or Energy Affiliates, prior to June 1, 2004.
- To comply with § 358.4(e)(3) Bangor Hydro will revise its currently posted Standards for Company and Employee Conduct to implement the standards of conduct adopted in Order No. 2004 and post the revised standards by June 1, 2004. The revised Standards for Company and Employee Conduct will clearly explain how Bangor Hydro is restricting access to transmission, customer, and market information.
- To comply with § 358.4(e)(4) Bangor Hydro will distribute the revised Standards for Company and Employee Conduct to all of its employees and all of the employees of its Marketing and Energy Affiliates prior to June 1, 2004.
- To comply with § 358.4(e)(5) Bangor Hydro will provide training on the standards of conduct to all of their employees prior to June 1, 2004.
- To comply with § 358.4(e)(6) Bangor Hydro, prior to June 1, 2004, will designate a Chief Compliance Officer to be responsible for standards of conduct compliance and shall provide the Chief Compliance Officer's name and contact information in the revised Standards of Company and Employee Conduct.
- To comply with § 358.5 Non-discrimination requirements – Bangor Hydro will revise its currently posted Standards of Conduct and Employee Conduct to reflect the additional provisions regarding Energy Affiliates and to conform with the variations regarding information access and prohibited disclosure.

D. Identification Of The Projected Compliance Costs

Bangor Hydro expects the projected costs for compliance with Order No. 2004 to be nominal and estimates an initial total cost of \$19,000. This amount includes \$9,000 for independent functioning or separation of functions; \$9,000 for information disclosure prohibitions; and \$1,000 for posting requirements.

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III. COMMUNICATIONS

Bangor Hydro requests that all correspondence and communications with respect to this filing be sent to, and that the Secretary include on the official service list, the following:

Jeffrey Jones
Manager – Legal Regulatory Services
Bangor Hydro-Electric Company
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IV. NOTICE

Additionally, a form of notice suitable for publication in the Federal Register is attached and enclosed on diskette.

V. CONCLUSION

Bangor Hydro respectfully requests that the Commission accept its informational filing in compliance with Order No. 2004.

Respectfully submitted,



Wendy N. Reed
Deborah C. Brentani

Attorneys for
Bangor Hydro-Electric Company

Notice of Filing

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Bangor Hydro-Electric Company

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Docket No. TS04-_____

NOTICE OF FILING

Take notice that on February 9, 2004, Bangor Hydro-Electric Company, submitted an informational filing in compliance with Order No. 2004, Standards of Conduct for Transmission Providers, Order No. 2004, 105 FERC ¶ 61,248 (2003).

Any person desiring to intervene or to protest this filing should file with the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426, in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211 and 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a motion to intervene. All such motions or protests should be filed on or before the comment date, and, to the extent applicable, must be served on the applicant and on any other person designated on the official service list. This filing is available for review at the Commission or may be viewed on the Commission's web site at <http://www.ferc.gov>, using the "e Library" link. Enter the docket number excluding the last three digits in the docket number filed to access the document. For assistance, contact FERC Online Support at FERCOnlineSupport@ferc.gov or toll-free at (866)208-3676, or for TTY, contact (202)502-8659. Protests and interventions may be filed electronically via the Internet in lieu of paper; see 18 CFR 385.2001(a)(1)(iii) and the instructions on the Commission's web site under the "e-filing" link. The Commission strongly encourages electronic filings.

Comment Date: