

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

Martha Coakley, Attorney General of the
Commonwealth of Massachusetts,)
)
Connecticut Public Utilities Regulatory Authority,)
)
Massachusetts Department of Public Utilities,)
)
New Hampshire Public Utilities Commission,)
)
George Jepsen, Attorney General of the State of)
Connecticut,)
)
Connecticut Office of Consumer Counsel,)
)
Maine Office of the Public Advocate,)
)
New Hampshire Office of the Consumer)
Advocate,)
)
Rhode Island Division of Public Utilities and)
Carriers,)
)
Vermont Department of Public Service,)
)
Massachusetts Municipal Wholesale Electric)
Company,)
)
Associated Industries of Massachusetts,)
)
The Energy Consortium,)
)
Power Options, Inc., and)
)
Industrial Energy Consumer Group,)
)
Complainants,)
v.)
)
Bangor Hydro-Electric Company,)
)
Central Maine Power Company,)
)
New England Power Company)
d/b/a/ National Grid,)
)
New Hampshire Transmission LLC d/b/a NextEra,)
)
Northeast Utilities Service Company, on behalf of)
its operating company affiliates: The Connecticut)
Light and Power Company, Western)
Massachusetts Electric Company, and Public)
Service Company of New Hampshire,)
)
NSTAR Electric and Gas Corporation,)

Docket No. EL11-66-000

The United Illuminating Company,)
)
 Unitil Energy Systems, Inc. and Fitchburg Gas and)
 Electric Light Company,)
)
 Vermont Transco, LLC; and)
)
 ISO New England, Inc.,)
)
 Respondents.)

**MOTION TO INTERVENE and COMMENTS OF THE
 NEW ENGLAND STATES COMMITTEE ON ELECTRICITY**

Pursuant to Rules 212 and 214 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”) and the Notice of Complaint published by the Commission on September 30, 2011, the New England States Committee on Electricity (“NESCOE”) hereby submits this motion to intervene and comments.

I. COMMUNICATIONS

The names, titles, and offices of the persons to whom correspondence in regard to this proceeding should be addressed are as follows:

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* Person designated for service

II. MOTION TO INTERVENE

NESCOE is the Regional State Committee for the New England region. NESCOE is governed by a board of Managers appointed by the Governors of Connecticut, Maine,

Massachusetts, New Hampshire, Rhode Island, and Vermont and is funded through the regional tariff administered by ISO New England, Inc. (“ISO-NE”).¹ NESCOE represents the interests of the six New England states by advancing policies that will provide electricity at the lowest possible price over the long term, consistent with maintaining reliable service and environmental quality.

The Attorney-General of Massachusetts and other complainants (collectively, “the Complainants”) instituted this proceeding with a request that the Commission investigate the base return on equity (“Base ROE”) included in the ISO-NE Open Access Transmission Tariff for calculating formula rates for transmission service. The Complainants assert that the present level of the Base ROE is unjust and unreasonable and seek an order establishing a lower rate. As a representative of the six New England states, NESCOE has a direct and substantial interest in the outcome of this proceeding. In addition, NESCOE’s participation in this proceeding will serve the public interest. NESCOE respectfully requests that it be permitted to intervene.

III.COMMENTS

NESCOE concurs with the Complainants’ assertion that the Base ROE of 11.14 percent established pursuant to the *Bangor Hydro* proceeding does not meet the “just and reasonable” standard.² In that case, the Commission added 74 basis points to the recommended rate to reflect the increase in U.S. Treasury Bond yields between 2004 and August 2006:

The monthly yields on ten-year constant maturity U.S. Treasury Bonds provide a good indicator of these trends and have previously been endorsed by the Commission. For the six-month period reflected in Staff’s updated values *i.e.*, for the period July 2004 through December 2004, the average monthly yield on these bonds was 4.2 percent, while

¹ ISO New England, Inc., 121 FERC ¶ 61,105 (2007).

² Complaint at 17; see *ISO New England Inc.*, 106 FERC ¶ 61, 280 (2004); *Bangor Hydro-Electric Co.*, 117 FERC ¶ 61, 129 (2006), *order on reh’g*, 122 FERC ¶ 61, 265 (2008), *order granting clarification*, 124 FERC ¶ 61,136 (2008).

the most recent bond data (for the period March 2006 through August 2006), produces an average monthly yield of 5.0 percent (a difference of 74 basis points).³

Today, economic conditions in New England and the rest of the United States are significantly altered from what they were in that period. Because of those changes, and in particular the decline in interest rates since that time, the Base ROE may not result in just and reasonable rates. The recent bond data provided in the testimony of J. Randall Woolridge, submitted with the Complaint, indicates that average ten-year Treasury yields for the period April to September 2011 are at 2.88 percent, significantly lower than at the time of the Commission's 2006 order in *Bangor Hydro*. This information alone points to a significant change in the financial markets that should be reflected in a downward adjustment to the Base ROE. In addition, using the Commission's calculation methodologies, Professor Woolridge concluded that a 9.2% ROE falls at the midpoint of the potential range of reasonable outcomes. Therefore, NESCOE supports the Complainants' request to open an investigation to examine the justness and reasonableness of the Base ROE of 11.14 percent.

NESCOE believes the evidence of changed market conditions offered by the Complainants justifies the initiation of an inquiry aimed at determining the appropriate level of rate reduction. NESCOE also agrees with Complainants that the Commission may carry out such an investigation on a paper hearing, and supports their request for the earliest possible refund effective date, in the interests of mitigating the impact of the Base ROE on New England ratepayers.

Respectfully submitted,

/s/ Elizabeth A. Grisaru

³ *Bangor Hydro-Electric Co.*, 117 FERC ¶ 61,129 (2006) (citations omitted) at P 81.

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CERTIFICATE OF SERVICE

I hereby certify that the foregoing document has been served this day upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Albany, NY this 20th day of October, 2011.

Respectfully submitted,

/s/ Cynthia Stallard
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