D.P.U. 95-4C-1

Application of Eastern Edison Company under the provisions of G.L. c. 164, § 94G, as amended by St. 1981, c. 375, for approval by the Department of Public Utilities of the Company's annual performance program relating to fuel procurement and use.

APPEARANCE: David A. Fazzone, P.C.
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75 State Street
Boston, Massachusetts 02109
FOR: EASTERN EDISON COMPANY
Petitioner

I. INTRODUCTION

On August 1, 1995, pursuant to G.L. c. 164, § 94G(a), Eastern Edison Company ("EECo" or" Company") filed with the Department of Public Utilities ("Department") its proposed performance program. Section 94G(a) requires each electric company to file with the Department annual performance programs that provide for the efficient and cost-effective operation of its generating units. Each company's performance program must include proposed unit and system performance goals for availability factor, equivalent availability factor, capacity factor, forced outage rate, and heat rate. The filing was docketed as D.P.U. 95-4C-1.

EECo is a wholly-owned subsidiary of Eastern Utilities Associates ("EUA"), a utility holding company. Montaup Electric Company ("Montaup") is a wholly-owned subsidiary of EECo and supplies power to EECo, its affiliates, and certain municipal electric utilities. EECo purchases all of its power requirements at wholesale from Montaup pursuant to rates regulated by the Federal Energy Regulatory Commission ("FERC"). Thus, EECo does not own or operate any electric generating units of its own in serving on average 204,000 customers in its service territory, which includes over twenty cities and towns in southeastern Massachusetts.

Montaup owns and operates four electric generating units,

all in Somerset, Massachusetts. Somerset 5 and 6 are steam units that burn coal, when permitted by a United States Environmental Protection Agency Delayed Compliance Order, and oil at all other times. Somerset J-1 and J-2 are oil-fired jet turbine units. Montaup also receives power from generating units operated by others.

The Company's filing included a sworn affidavit of Richard M. Burns, treasurer of EECo, which stated that the Company's contractual relationship with Montaup has not changed since the Department issued its Order in the Company's performance program in D.P.U. 86-52 (1986). According to Mr. Burns's affidavit, the Company has no contractual right to power generated by any specific unit and does not expect to have such a right during the upcoming performance period.

In the Company's last performance program, the Department found that, because the Company neither owned nor operated any units, nor had a contractual right to the power generated by any specific unit, there were no units for which performance goals would be appropriate. Eastern Edison Company , D.P.U. 94-4C-1 (1994). Consistent with this finding, the Company has not proposed any goals in its filing with the Department in this docket.

II. FINDINGS

1. The Department finds that the only power that the

Company receives is purchased from Montaup as an all-requirements customer, and that the Company is charged for such purchases pursuant to rates that are filed with and accepted by the FERC.

2. Based on the Company's submission to the Department, the Department finds that the Company neither owns nor operates any generating units, and has no contractual entitlement to the electrical output of any particular generating unit by contract. Therefore, the Department finds that there are no units for which it would be appropriate to establish performance goals in this proceeding.

3. The Department finds that, in conformance with G.L. c. 164, § 94G, the Company must file a performance program. We also find that if the Company ever acquires a contractual right to the power generated by a specific unit, then it must propose performance goals for such unit or units in its next performance program filing.

4. The Department also finds that, as part of the Company's performance program, EECo shall continue to obtain unit performance data from its subsidiary, Montaup, and file with the Department monthly data and calculations regarding the performance of Montaup's units, as required by Section 2.6(b) of the Department's performance Program Guidelines of December 24, 1981. Given that the performance of Montaup's units significantly affects EECo's expenses and the costs EECo's

ratepayers must bear, it is EECo's responsibility to keep itself and the Department fully informed with regard to the operation of the units that Montaup owns and in which Montaup has contractual entitlements. Inasmuch as Montaup is a subsidiary of the Company, such information should be readily available.

III. ORDER

Accordingly, it is

ORDERED: That Eastern Edison Company's performance program will be as described in Findings 3 and 4 contained in Section II of this Order; and it is

FURTHER ORDERED: That Eastern Edison Company shall continue to report on the performance of Montaup Electric Company's generating units by providing the information required in section 2.6(b) of the Department's Performance Program Guidelines of December 24, 1981, including the backup data; and it is

FURTHER ORDERED: That Eastern Edison Company shall submit its next performance program filing on or before August 1, 1996, and its next performance period shall run from November 1, 1994 through October 31, 1995.

By Order of the Department,

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Kenneth Gordon, Chairman

Mary Clark Webster, Commissioner

Janet Gail Besser, Commissioner

Appeal as to matters of law from any final decision, order or ruling of the Commission may be taken to the Supreme Judicial Court by an aggrieved party in interest by the filing of a written petition praying that the order of the commission be modified or set aside in whole or in part.

Such petition for appeal shall be filed with the Secretary of the Commission within twenty days after the date of service of the decision, order or ruling of the Commission, or within such further time as the Commission may allow upon request filed prior to the expiration of twenty days after the date of service of said decision, order or ruling. Within ten days after such petition has been filed, the appealing party shall enter the appeal in the Supreme Judicial Court sitting in Suffolk County by filing a copy thereof with the clerk of said Court. (Sec.5, Chapter 25, G.L. Ter. Ed., as most recently amended by Chapter 485 of the Acts of 1971).