

STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: February 6, 2012
AT (OFFICE): NHPUC

SEM
GWS
FROM: Grant W. Siwinski
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SUBJECT: DE 11-261, New England Power Company 2011 Reconciliation of
Contract Termination Charge to Granite State Electric Company d/b/a
National Grid

TO: Commissioners
Debra A. Howland, Executive Director



On November 29, 2011, in DE 11-254, Granite State Electric Company d/b/a National Grid (National Grid or Company) filed a request for approval of certain retail rate adjustments to its stranded cost and transmission service charges for effect on January 1, 2012. The stranded cost charge authorizes National Grid to recover Contract Termination Charges (CTC) billed to it by its affiliate, New England Power Company (NEP), in connection with the terminating of NEP's all-requirements power contract with National Grid upon the advent of retail competition. On December 6, 2011 the Company made a corrected filing in DE 11-254 increasing its stranded cost charge from \$0.00080 per kWh to \$0.00090 per kWh for 2012. Prior to amending its filing, National Grid filed its 2011 reconciliation of CTC report for the period October 1, 2010 through September 30, 2011 in DE 11-261. According to the Company, its CTC report supports its amended stranded cost charge of \$0.00090 per kWh, which was conditionally approved in DE 11-254 when the Commission found in Order No. 25,310:

"We have opened a separate docket to allow Staff adequate time to review the proposed stranded cost charge (Docket No. DE 11-261). In the event that an adjustment is required, the Company will reflect the adjustment in its CTC reconciliation account and incorporate it into its CTC filings for 2013. We conditionally approve the proposed stranded cost charge, subject to the review to be undertaken in Docket No. DE 11-216."

Pursuant to the Commission's Order, Staff has reviewed the details supporting National Grid's proposed stranded cost charge in DE 11-261. Based on its review, Staff has determined that the documentation provided by National Grid supports the proposed \$0.00090 per kWh stranded cost charge and that no adjustments are required at this time. Therefore, Staff recommends that the Commission close this docket.

One item of note, however, relates to estimated nuclear decommissioning costs that will be charged to National Grid in future years. National Grid states that decommissioning costs for the Yankee Companies (i.e., the Connecticut, Massachusetts and Maine Yankee

units) have been approved by FERC through 2015. Although those costs have been approved by FERC for the Yankee Companies, National Grid previously did not report them in its CTC supporting schedules because they differ from the decommissioning cost estimates approved by FERC for NEP in the 2005 CTC Settlement Agreement, and revising those estimates would require reopening the 2005 Agreement for FERC approval. For purposes of clarity and full disclosure, National Grid has agreed to include the decommissioning estimates approved by FERC for the Yankee Companies and the corresponding estimated cost allocations to NEP and Granite State. These costs are reported at Bates No. 54.

If you have any questions, please contact me.