

STATE OF NEW HAMPSHIRE**Inter-Department Communication****DATE:** September 13, 2016**AT (OFFICE):** NHPUC**FROM:** Jay E. Dudley, Utilities Analyst **SUBJECT:** DE 16-216 New England Power Company 2015 Reconciliation of Contract Termination Charge to Granite State Electric Company**TO:** Commissioners
Debra A. Howland, Executive Director

On March 21, 2016, Liberty Utilities (Granite State Electric) Corp d/b/a Liberty Utilities (Liberty or Company) filed a request for approval of retail rate adjustments related to its stranded cost charge and transmission service charge for effect with service rendered on and after May 1, 2016. In its filing, Liberty proposed to increase its average stranded cost charge from a credit of -0.150 cents per kWh to 0.190 cents per kWh, resulting in a charge of 0.040 cents per kWh. The stranded cost charge permits Liberty to recover Contract Termination Charges (CTC) billed to it by New England Power Company (NEP)—a National Grid company—in connection with the termination of NEP's all-requirements power contracts upon the advent of retail competition. The CTC is a holdover component from National Grid's former ownership of the Company. The proposed CTC rate is an average rate; the stranded cost charge also includes class-specific adjustment factors to reflect class-specific reconciliations, where necessary.

NEP filed a final CTC calculation and report for 2015 on January 29, 2016, but Staff had not completed its review of the report when the Commission issued its order in Docket DE 16-346. Consequently, the Commission conditionally approved Liberty's Stranded Cost Charge of 0.040 cents per kWh in that docket in Order No. 25,892, dated April 29, 2016, subject to Staff's recommendation on the final CTC calculation.

Pursuant to the Commission's Order, Staff has reviewed the details supporting NEP's final proposed stranded cost charge and notes the following item. Due to the Department of Energy's (DOE) failure to remove the spent fuel stores at the former Connecticut Yankee, Maine Yankee and Yankee Atomic nuclear plants as required by the Nuclear Waste Policy Act of 1982, NEP received or will receive final payments of \$79.8 million. In 2015, \$7.4 million was received, as compared with \$61.4 million received in 2014, which contributed to the overall increase in the CTC charge. Of the remaining \$11.0 million, Maine Yankee disbursed its remaining \$3.9 million during 2015, and Yankee Atomic plans to continue to credit its remaining \$4.4 million by reducing ongoing decommissioning charges to NEP. Liberty's share of the proceeds is 3%.

Based on Staff's review of the filing, NEP's calculation of 0.190 cents/kWh for the stranded cost charge is correct. Therefore, no changes are needed and Staff recommends that the Commission close this docket.

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DEBRA A HOWLAND
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