

STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: October 18, 2017
AT (OFFICE): NHPUC

FROM: Jay E. Dudley, Utilities Analyst

SUBJECT: DE 17-015 New England Power Company 2016 Reconciliation of Contract Termination Charge to Granite State Electric Company

TO: Commissioners
Debra A. Howland, Executive Director

On March 23, 2017, 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, 2017. In its filing, Liberty proposed to increase its average stranded cost charge from 0.040 cents per kWh to 0.049 cents per kWh, resulting in an increase of 0.009 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 2016 on January 30, 2017, but Staff had not completed its review of the report when the Commission issued its order in Docket DE 176-049. Consequently, the Commission conditionally approved Liberty's Stranded Cost Charge of 0.049 cents per kWh in that docket in Order No. 26,010, dated April 25, 2017, 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 2016, \$5.9 million was received, as compared with \$7.4 million received in 2015, which contributed to the overall increase in the CTC charge. Liberty's share of the proceeds is 3%.

Based on Staff's review of the filing, NEP's calculation of 0.049 cents/kWh for the stranded cost charge is correct. Therefore, no changes are needed and Staff recommends that the Commission close this docket.