

STATE OF NEW HAMPSHIRE**Inter-Department Communication****DATE:** March 29, 2019**AT (OFFICE):** NHPUC**FROM:** David Goyette, Utility Analyst III**SUBJECT:** DE 19-025 New England Power Company
2018 Reconciliation of Contract Termination Charge to Granite State
Electric Company**TO:** Commission
Debra Howland, Executive Director

On February 1, 2019, New England Power Company d/b/a National Grid (NEP) filed its annual report of the Reconciliation of Contract Termination Charges (CTC) to Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities (Liberty) for 2018 (the Report). The Report affirms amounts charged by NEP to Liberty for the period beginning October 1, 2017 and ending September 30, 2018, and provides the basis for stranded cost and transmission service charges to be included in Liberty 2019 retail rates, which are expected to become effective on or about May 1, 2019. The stranded cost charge permits Liberty to recover CTC billed to it by 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 Granite State Electric.

In its report, NEP stated that the CTC rate for calendar year 2019 will be a credit of (0.07) cents per kilowatt hour (kWh), a 0.03 cents reduction from the 2018 rate of (0.04) cents/kWh. Staff reviewed NEP's calculation of the 2019 rate, which was computed based on a projected credit to Liberty of \$731 thousand applied to estimated deliveries of 1,054,402 megawatt hours (MWh).

At Staff's request, NEP provided a copy of the Excel spreadsheet used to prepare the Report. That spreadsheet enabled Staff to efficiently review and confirm calculations that support the 2019 CTC rate. Staff noted one particular sheet, named "Reconciliation," that provided a concise, summarized calculation of Liberty's 2019 credit, including the amount of all charges and credits that make up the total amount of that credit and the conversion of the total into a kWh rate. Because the spreadsheet, with its 'live' formulas and summarized reconciliation, improved the review process, Staff recommends, for future Report filings, that NEP provide parties and Staff with a copy of the spreadsheet and include with its filing a PDF of the summarized reconciliation sheet. NEP indicated that it had no objection to Staff including the "Reconciliation" sheet with Staff's memo, so attached to this recommendation is a copy of the summarized reconciliation.

Staff reviewed each section of the report, including the narrative, schedules, and attachment, and the spreadsheet, and confirmed that amounts described in the narrative agreed with those in the schedules and attachment, computed amounts in the schedules and attachment were calculated correctly, and amounts in the summary tied back to amounts in the supporting detail of the schedules and attachment. It should be noted that Staff's analysis was limited to that of a review of only the documents filed by and the spreadsheet provided by NEP, and did not include an audit of amounts from external source documents. Based on its review, it is Staff's opinion that the 2019 CTC rate, a credit of (0.07) cents/kWh, was properly determined.

				SUMMARY RECONCILIATION
Granite State ELECTRIC COMPANY d/b/a NATIONAL GRID				
RECONCILIATION FOR THE FORMER NEW ENGLAND POWER COMPANY CTC CALCULATION				
OCTOBER 1, 2017 THROUGH SEPTEMBER 30, 2018				
Line	(a)	(b)	(c)	(d)
1	Prior End-of-Year Account Balance from Previous Filing	January 2018 filing, Schedule 2, Page 2, Column 8, Line 44 * 1000		(\$597,683)
2				
3	Less: Cumulative Pre-Tax Return from Previous Filing, October through December Prior Year	- January 2018 filing, Schedule 2, Page 2, Column 6, Line 41 through Line 43 * 1000		\$13,464
4				
5				
6	Plus: Prior Year Adjustments			
7	\$630 CT yankee decom Apr 2016		\$21	
8	\$17,096 NEP PBR Apr 17		\$532	
9	Oct-Dec 2014 rates were not rounded on Schedule 1, Page 1		\$5,748	
10	Prior Year Adjustments			\$6,301
11				
12	Plus: Estimated Revenue, October through December Prior Year			
13	Estimated KwHs	Schedule 1, Page 1, Column 2, Line 29 through Line 31 * 1000	254,361,157	
14	Unrounded Termination Charge	Schedule 1, Page 1, Column 7, Line 32 / Schedule 1, Page 1, Column 2, Line 32	\$0 000437	
15	Estimated Revenue	Line 13 * Line 14		\$111,048
16				
17	Less: Actual Revenue, October through December Prior Year			
18	Actual KwHs	Schedule 2, Page 1a, Column 3, Line 29 through Line 31 * 1000	217,358,827	
19	Rounded Termination Charge	Schedule 2, Page 1a, Column 5, Line 29 / 100	\$0 000400	
20	Actual Revenue	Line 18 * Line 19 * -1		(\$86,944)
21				
22	Less: Estimated Expense, October through December Prior Year			
23	NEP Purchased Power - Wheelabrator Millbury	Schedule 1, Page 8, Column Wheelabrator Millbury, 2017 * 0.25 * 1000	\$7,984,077	
24	NEP Purchased Power - Hydro Quebec	Schedule 1, Page 8, Column Hydro Quebec, 2017 * 0.25 * 1000	\$1,545,833	
25	NEP Wheelabrator Millbury Offsetting Market Value	- Schedule 1, Page 9, Column Wheelabrator Millbury, 2017 * 0.25 * 1000	(\$4,428,772)	
26	NEP Hydro Quebec Offsetting Market Value	- Schedule 1, Page 9, Column Hydro Quebec, 2017 * 0.25 * 1000	(\$154,583)	
27	NEP Estimated Expenses	Sum of Line 23 through Line 26	\$4,946,555	
28	GSE Share of NEP		3.00%	
29	GSE Estimated Expense	Line 27 * Line 28 * -1		(\$148,381)
30				
31	Plus: Actual Expense, October through December Prior Year			
32	NEP Connecticut Yankee Decommissioning Costs	Schedule 4, Column 3, Oct-2017 through Dec-2017 * 1000	\$34,975	
33	NEP Maine Yankee Decommissioning Costs	Schedule 4, Column 6, Oct-2017 through Dec-2017 * 1000	\$11,390	
34	NEP Yankee Atomic Decommissioning Costs	Schedule 4, Column 9, Oct-2017 through Dec-2017 * 1000	\$0	
35	NEP Purchased Power - Wheelabrator Millbury	Schedule 5, Page 5, Column Actual Costs Oct-2017 through Dec-2017 * 1000	(\$1,680)	
36	NEP Wheelabrator Millbury Offsetting Revenue	- Schedule 5, Page 5, Column Actual Revenues, Oct-2017 through Dec-2017 * 1000	(\$106,357)	
37	NEP Purchased Power - Hydro Quebec	Schedule 5, Page 8, Column Actual Costs Oct-2017 through Dec-2017 * 1000	\$1,100,056	
38	NEP Hydro Quebec Offsetting Capacity Credits and OASIS Revenue	- Schedule 5, Page 8, Column Actual Revenues, Oct-2017 through Dec-2017 * 1000	(\$6,120,162)	
39	NEP PBR	Schedule 6, Page 1, Column 3, Oct-2017 through Dec-2017 * 1000	\$0	
40	NEP Environmental Response Costs	Schedule 6, Page 1, Column 4, Oct-2017 through Dec-2017 * 1000	\$2,535,381	
41	NEP Vermont Yankee Post-Sale	Schedule 6, Page 2, Column 3, Oct-2017 through Dec-2017 * 1000	\$60,310	
42	NEP Actual Expenses	Sum of Line 32 through Line 41	(\$2,486,087)	
43	GSE Share of NEP		3.00%	
44	GSE Actual Expense	Line 43 * Line 44		(\$74,575)
45				
46	Plus: Cumulative Pre-Tax Return, October through December Prior Year	Schedule 2, Page 2, Column 6, Line 29 through Line 31 * 1000		(\$15,328)
47				
48	Prior End-of-Year Account Balance from Current Filing	Sum of Line 1 through Line 46		(\$792,097.17)
49				
50				
51	Plus: Estimated Revenue, January through September Current Year			
52	Estimated KwHs	Schedule 1, Page 1, Column 2, Line 33 through Line 41 * 1000	776,818,973	
53	Unrounded Termination Charge	Schedule 1, Page 1, Column 7, Line 45 / Schedule 1, Page 1, Column 2, Line 45	(\$0 000443)	
54	Estimated Revenue	Line 52 * Line 53		(\$343,781.17)

Line	(a)	(b)	(c)	(d)
55				
56	Less: Actual Revenue, January through September Current Year			
57	January through September Current Year Actual Kwhs	Schedule 2, Page 1a, Column 3, Line 33 through Line 41 * 1000	695,375,186	
58	Current Year Rounded Termination Charge	Schedule 2, Page 1a, Column 5, Line 33 / 100	(\$0,000,400)	
59	Actual Revenue for January through September Current Year	Line 57 * Line 58 * -1		\$278,150.07
60				
61	Less: Estimated Expense, January through September Current Year			
62	NEP Purchased Power - Hydro Quebec	Schedule 1, Page 8, Column Hydro Quebec, 2018 * 0.75 * 1000	\$4,510,000	
63	NEP Hydro Quebec Offsetting Market Value	- Schedule 1, Page 9, Column Hydro Quebec, 2018 * 0.75 * 1000	(\$451,000)	
64	NEP Estimated Expenses	Line 62 + Line 63	\$4,059,000	
65	GSE Share of NEP		3.00%	
66	GSE Estimated Expense	Line 64 * Line 65 * -1		(\$121,757.03)
67				
68	Plus: Actual Expense, January through September Current Year			
69	NEP Connecticut Yankee Decommissioning Costs	Schedule 4, Column 3, Jan-2018 through Sept-2018 * 1000	(\$4,615)	
70	NEP Maine Yankee Decommissioning Costs	Schedule 4, Column 6, Jan-2018 through Sept-2018 * 1000	\$61,919	
71	NEP Yankee Atomic Decommissioning Costs	Schedule 4, Column 9, Jan-2018 through Sept-2018 * 1000	\$36,580	
72	NEP Purchased Power - Hydro Quebec	Schedule 5, Page 8, Column Actual Costs Jan-2018 through Sept-2018 * 1000	\$5,091,172	
73	NEP Hydro Quebec Offsetting Capacity Credits and OASIS Revenue	- Schedule 5, Page 8, Column Actual Revenues, Jan-2018 through Sept-2018 * 1000	(\$18,731,604)	
74	NEP PBR	Schedule 6, Page 1, Column 3, Jan-2018 through Sept-2018 * 1000	(\$292,883)	
75	NEP Environmental Response Costs	Schedule 6, Page 1, Column 4, Jan-2018 through Sept-2018 * 1000	\$46,415	
76	NEP Vermont Yankee Post-Sale	Schedule 6, Page 2, Column 2, Jan-2018 through Sept-2018 * 1000	\$193,226	
77	NEP Actual Expenses	Sum of Line 69 through Line 76	(\$13,599,790)	
78	GSE Share of NEP		3.00%	
79	GSE Actual Expense	Line 77 * Line 78		(\$407,950.24)
80				
81	Plus: Cumulative Pre-Tax Return, Current Year	Schedule 2, Page 2, Column 6, Line 45 * 1000		(\$67,658.58)
82				
83	Plus: Current Year Collection of Prior Year Balance Including Interest	Schedule 2, Page 2, Column 7, Line 45 * 1000		\$620,717.60
84				
85	Current End Of Year Account Balance	Sum of Line 48 through Line 83		(\$834,376.52)
86				
87				
88	Plus: Estimated Expense, Following Year			
89	NEP Purchased Power - Hydro Quebec	Schedule 1, Page 8, Column Hydro Quebec, 2019 * 1000	\$5,011,111	
90	NEP Hydro Quebec Offsetting Market Value	- Schedule 1, Page 9, Column Hydro Quebec, 2019 * 1000	(\$501,111)	
91	NEP Estimated Expenses	Line 89 + Line 90	\$4,510,000	
92	GSE Share of NEP		3.00%	
93	GSE Estimated Expense	Line 91 * Line 92		\$135,285.59
94				
95	Plus: Cumulative Pre-Tax Return, Following Year	Schedule 2, Page 2, Column 6, Line 46 * 1000		(\$32,156.37)
96				
97	Collection of Prior Year Balance Including Interest	Sum of Line 85 through Line 95		(\$731,247.31)
98				
99				
100	Estimated Kwhs	Schedule 1, Page 1, Column 2, Line 44 * 1000		\$1,054,402,285.63
101				
102	New CTC Rate	Line 97 / Line 100		(\$0.0007)

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