

STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: April 15, 2021
AT (OFFICE): NHPUC

FROM: Jay E. Dudley, Utilities Analyst *RC*

SUBJECT: DE 20-016 New England Power Company 2019 Reconciliation of Contract Termination Charge to Granite State Electric Company

TO: Commissioners
Debra A. Howland, Executive Director

CC: Tom Franz, Director, Electric Division
David Wiesner, Director, Legal Division
Mary Schwarzer, Staff Attorney

Description of Proposed Contract Termination Charge Adjustment

On March 27, 2020, in Docket DE 20-040, 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, 2020. In its filing, Liberty proposed to change its load weighted average stranded cost adjustment factor from a credit of 0.035 cents per kWh to a credit of 0.002 cents per kWh. The stranded cost adjustment factor varies by rate class. As a result, for Liberty's residential rate class (Rate D), Liberty's proposed Stranded Cost Charge increased by 0.034 cents per kWh, from a previous credit of 0.106 cents per kWh to a credit of 0.072 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. In terms of the Transmission Service Charge, Liberty proposed no change to the current uniform charge which is a credit of 0.070 cents per kWh.

NEP filed a final CTC calculation and report for 2019 on January 31, 2020, in Docket DE 20-016, but Staff had not completed its review of the report when the Commission issued its order in Docket DE 20-040. Consequently, the Commission conditionally approved Liberty's Stranded Cost Charge credit of 0.072 cents per kWh in that docket in Order No. 26,353 dated April 30, 2020, subject to Staff's recommendation

on the final CTC calculation. In its report, CTC stated that the CTC rate for calendar year 2020 will be a credit of 0.07 cents per kWh, leaving the rate unchanged from the credit amount reported in NEP's prior CTC Reconciliation Report of 2019.

Staff reviewed NEP's calculation of the 2020 rate, which was computed based on a projected credit to Liberty of \$738,000 applied to estimated deliveries of 1,073,382 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 review and confirm calculations that support the 2020 CTC rate, including the amount of all charges and credits that make up the total amount of the credit and the conversion of the total into a kWh rate.

Staff's Recommendation

Pursuant to the Commission's Order, Staff reviewed each section of the report, including the narrative, schedules, the attachment, and the spreadsheet. Staff has 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. Based on its review, it is Staff's opinion that the 2020 CTC rate, a credit of 0.072 cents per kWh, was properly determined and that the Commission close this docket.

Service List - Docket Related

Docket#: 20-016

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