

ATTACHMENT 1

THE STATE OF NEW HAMPSHIRE
NUCLEAR DECOMMISSIONING FINANCING COMMITTEE

DOCKET NO. NDFC 2000-1

STIPULATIONS OF THE PARTIES

For the purposes of this docket only, and without prejudice to any party with respect to any future proceeding, all parties hereby stipulate to the following facts and other matters.

I. PARTIES AND WITNESSES

- 1.1 The Seabrook Joint Owners, other than National Grid USA, are parties to this docket and are represented by North Atlantic Energy Service Corporation (North Atlantic). The other parties to this docket are National Grid USA (National Grid), Seacoast Anti-Pollution League (SAPL), the Public Utilities Commission Staff, and the Campaign for Ratepayers Rights (CRR).
- 1.2 North Atlantic pre-filed testimony of three witnesses: David C. Mercer, John B. Hart and Brad A. Jacobson.
- 1.3 CRR pre-filed testimony of Robert A. Backus, Esquire.
- 1.4 No other party submitted pre-filed testimony.

II. SCOPE AND ISSUES

- 2.1.1 The scope of this docket is limited to determining whether, due to a change in law or circumstances, the Nuclear Decommissioning Finance Committee (NDFC) should change the schedule for collection of the nuclear decommissioning financing fund, as established by the NDFC in NDFC Docket 98-1 Final Report and Order.

2.1.2 The issues to be considered in this docket were set forth in NDFC 2000-1 Order No. 1 to be:

1. Anticipated energy producing life of Seabrook
2. The funding method
3. Adequate assurance of collection
4. Adequacy and accuracy of the estimate [limited to the years 2015 vs. 2026]
5. Escalation and contingency factors [accepting escalation funding for this docket]
6. Impact of restructuring in New Hampshire
 - a. Funding assurances by non-utility joint owners
7. Changes in tax laws
8. Changes in State & Federal laws
9. Changes in regulatory requirements
10. Availability of low level radioactive waste (LLRW) disposal facilities
11. Status of decommissioned commercial nuclear reactors in U.S.

III. TESTIMONY

3.1 North Atlantic witness DAVID C. MERCER pre-filed testimony addressing issues 1, 4, 5, 9, 10 and 11. In summary, his position on each issue is as follows.

3.1.1 Issue No. 1 – Anticipated energy producing life of Seabrook

North Atlantic anticipates that the plant will continue to produce energy to at least the current expiration date of its operating license in October 2026, a total of thirty-six years. The history of premature plant closings to date does not have any bearing upon the question of whether or not Seabrook Station can be expected

to achieve its full licensed life, and that the plant must be evaluated on its own merits. No plant closings have been announced since July 1998.

In regard to the steam generators, there have been no indications of stress corrosion cracking, pitting, or other corrosive attack that has been encountered in plants with earlier design steam generators. North Atlantic does not believe that steam generator performance will be a factor in determining the anticipated energy producing life of Seabrook Station.

3.1.2 Issue No. 4 – Adequacy and accuracy of the estimate [limited to the years 2015 vs. 2026]

It is reasonable to continue to apply the last site-specific cost estimate that was addressed by the NDFC in Docket 98-1, subject to the revised estimates for spent fuel storage costs (reflected in North Atlantic's March 2000 annual update), pending completion of the March 2002 comprehensive update.

3.1.3 Issue No. 5 – Escalation and contingency factors [accepting escalation funding for this docket]

There have been no changes to either the cost escalation methodology, or the methodology for the two special contingencies, agreed to in 1996. These same methodologies have been applied in North Atlantic's March 2000 annual update. There have been no increases in previous estimates for escalation and no significant changes in contingency factors.

3.1.4 Issue No. 9 – Changes in regulatory requirements

There have been no changes in regulatory requirements since the March 1999 Seabrook Station decommissioning update. It is unlikely that any current

emerging regulatory changes could impact Seabrook Station decommissioning cost studies any sooner than the March 2002 comprehensive update.

3.1.5 Issue No. 10 – Availability of low level radioactive waste (LLRW) disposal facilities

The Barnwell LLRW disposal site has been used only as a proxy for whatever site might be available when the time comes because it will be phased-out by 2008. Until a LLRW disposal site is selected historical cost information suggests the current costs and cost escalation assumptions are reasonable for funding planning purposes.

3.1.6 Issue No. 11 – Status of decommissioned commercial nuclear reactors in U.S.

Table 2 of the March 2000 update reflects the status of decommissioned commercial nuclear reactors. No additional plants have been added since the March 1999 update. North Atlantic has reviewed recent NRC information concerning decommissioned reactors, and finds no issues that would impact the March 2000 update.

3.2 North Atlantic witness JOHN B. HART pre-filed testimony addressing issues 3, 6 and 8. In summary, his position on each issue is as follows.

3.2.1 Issue No. 3 – Adequate assurance of collection

The joint ownership agreement specifically recognizes the obligation of Seabrook Station's owners to provide decommissioning funding in accordance with the provisions of RSA Chapter 162-F. All joint owners are in compliance

with current NRC funding assurance requirements. There is adequate assurance of collection of decommission funding.

3.2.2 Issue No. 6 – Impact of restructuring in New Hampshire

NHPUC's 19 April 2000 Order No. 23,443 in Docket No. DE 99-099 imposes certain conditions related to the treatment of the Seabrook Station decommissioning liability. While this matter is still pending, it will not affect the schedule of decommission funding in the current proceeding.

Issue No. 6a – Funding assurances by non-utility Joint Owners

All of the joint owners are in compliance with funding assurance requirements. In addition, the NHPUC has ordered that the risk of any increases in the estimated cost to decommission Seabrook Station, above that in effect at the time of the sale of NAEC's share, be assumed by the new owner. Therefore, there are reasonable funding assurances for the non-utility joint owners.

3.2.3 Issue No. 8 – Changes in State and Federal laws

There have been no changes in State and Federal laws directly impacting North Atlantic's March 2000 decommissioning update or testimony.

3.3 North Atlantic witness BRAD A. JACOBSON pre-filed testimony addressing issues 2 and 7. In summary, his position on each issue is as follows.

3.3.1 Issue No. 2 – The funding method

It is appropriate to continue funding on an escalated basis. The currently approved funding schedule is overly conservative and should be changed to reflect completion of funding by 2015, with an assumption that decommissioning will begin in 2026.

3.3.2 Issue No. 7 – Changes in tax laws

There have been no changes to tax laws, which would impact the decommissioning funding schedules, since the conclusion of proceeding NDFC 98-1.

- 3.4 CRR witness ROBERT A. BACKUS pre-filed testimony addressing issue 1. In summary, his position on this issue is as follows.

3.4.1 Issue No. 1 – Anticipated energy producing life of Seabrook

The anticipated energy producing life should remain unchanged at this time. This proceeding is a limited one, and was not intended to result in a review of the major policy changes made in the 1998 proceeding. The recent sale of nuclear plants, most at drastically discounted prices, indicates nothing about the likelihood of any of them operating for their 40-year licensed lives. License extensions, as well as the original 40-year license, do not indicate what the actual life of the plant will be.

Neither global warming nor the Kyoto Convention appears to have played any role in decisions to seek license extensions, or in acquisitions of nuclear plants. The issue of permanent storage of high level nuclear waste remains unresolved, and may cause the early shutdown of nuclear plants. North Atlantic cannot offer any assurance that steam generator tube cracking will not emerge, causing the early closure of the plant.

Accelerating the funding based on an assumed 25-year operational life, in addition to applying escalation and contingency factors, will provide the appropriate conservatism to provide adequate decommissioning funding.

IV. EXHIBITS

4.1 The parties agree the following data responses should be accepted by the NDFC as exhibits in this docket. Each referenced data response is attached to this stipulation.

4.1.1 North Atlantic (NAESCO) Responses to Data Requests, Set #1 (9/11/00 & 9/18/00) NDFC Docket 2000-1, filed September 25, 2000.

4.1.2

V. STIPULATIONS

The parties stipulate the following:

5.1 The scope of this docket is limited, as set forth in sections 2.1 and 2.2, above.

5.2 Adequate assurance of collection of the decommissioning fund exists at the present time.

5.3 The escalation factor has not increased and there have been no significant changes in contingency factors used in calculating the level of funding and payment schedules.

5.4 Nothing about the status of restructuring in New Hampshire, since the issuance of NDFC Docket No. 98-1 Final Report and Order or other matters related to decommissioning, would require a change in the method or level of collection of the decommissioning fund at the present time.

5.5 The funding assurances by the existing non-utility joint owners are adequately addressed for the present. Any changes in the funding assurances resulting from future transfer of Seabrook Station interests to non-utility owners should be addressed by amending RSA 162:F, or, if not so addressed, should be addressed

- by the NDFC at the next proceeding. A party, or other concerned member of the public, may file a request for the NDFC to open a new docket for this purpose.
- 5.6 There have been no changes in tax laws since the issuance of NDFC Docket No. 98-1 Final Report and Order that require a change in the method or level of collection of the decommissioning fund at the present time.
- 5.7 There have been no changes in state or federal laws since the issuance of NDFC Docket No. 98-1 Final Report and Order that require a change in the method or level of collection of the decommissioning fund at the present time.
- 5.8 There have been no changes in state or federal regulatory requirements since the issuance of NDFC Docket No. 98-1 Final Report and Order that require a change in the method or level of collection of the decommissioning fund at the present time.
- 5.9 There has been no change in the availability of low level radioactive waste (LLRW) disposal facilities, since the issuance of NDFC Docket No. 98-1 Final Report and Order, that require a change in the method or level of collection of the decommissioning fund at the present time.
- 5.10 Nothing about the status of decommissioned commercial nuclear reactors in the United States, since the issuance of NDFC Docket No. 98-1 Final Report and Order related to decommissioning, would require a change in the method or level of collection of the decommissioning fund at the present time.
- 5.11 The NDFC should accept the pre-filed testimony, as filed.
- 5.12 NDFC Docket No. 98-1 Final Report and Order determined that a review of that order should be conducted in 2000 to determine the appropriateness of the

funding approach “in terms of NRC regulations, tax law changes, and New Hampshire restructuring decisions.” [Order at 41.] It has been established that divestiture of Seabrook Station may be undertaken as part of industry restructuring and, to that end, revision of New Hampshire law will be necessary. The parties request that the NDFC consider commencing a new docket as soon as possible after the enactment of relevant statutes, should that be necessary to implement the substance of the statutes.

5.13 Contributions to the fund in 2001 should be adjusted to account for the increase in the decommissioning estimate as provided in the March 2000 Seabrook Station Decommissioning Update. Accordingly, the total contribution required for 2001 will be \$ 19.1 million, unless adjusted by the NDFC, or as permitted under RSA 162-F:22, I.

November 9, 2000

Respectfully submitted,

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