

STATE OF NEW HAMPSHIRE**Inter-Department Communication****DATE:** May 31, 2018**AT (OFFICE):** NHPUC**FROM:** Jay E. Dudley, Utilities Analyst**SUBJECT:** DE 18-010 New England Power Company 2017 Reconciliation of Contract Termination Charge to Granite State Electric Company**TO:** Commissioners
Debra A. Howland, Executive Director

On March 30, 2018, 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, 2018.¹ In its filing, Liberty proposed to change its average stranded cost charge from 0.040 cents per kWh to a credit of (0.040) cents per kWh, resulting in a decrease of 0.08 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 2017 on January 30, 2018, but Staff had not completed its review of the report when the Commission issued its order in Docket DE 18-051. Consequently, the Commission conditionally approved Liberty's Stranded Cost Charge credit of 0.040 cents per kWh in that docket in Order No. 26,140, dated May 31, 2018, 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, and as a result of successful litigation brought by the plant owners, NEP received or will receive a share of the final proceeds. Between 2013 and 2015, NEP received excess proceeds of \$20.8 million for Phase I and \$47.5 million for Phase II of the litigation which was credited back to CTC customers. There were no

¹ On April 5, Liberty requested that the effective date of the proposed rates be delayed until June 1, stating that due to several other rate changes that were also proposed for May 1, the one month delay would allow sufficient time for review of all rate changes.

excess proceeds received by NEP during the period of October 1, 2015 and September 2016. NEP received \$14.8 million of Phase III proceeds in December 2016, which contributed to the overall decrease in the CTC charge for the 2017 reconciliation. Liberty's share of the proceeds is 3%.

Based on Staff's review of the filing, NEP's calculation of a credit of (0.040) cents/kWh for the stranded cost charge is correct. Therefore, no changes are needed and Staff recommends that the Commission close this docket.

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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FILING INSTRUCTIONS:

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:**

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- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.**
- c) Serve a written copy on each person on the service list not able to receive electronic mail.**