



Public Service of New Hampshire

April 30, 1993

50-443

Wynn E. Arnold, Esquire
Executive Director and Secretary
New Hampshire Public Utilities Commission
Eight Old Suncook Road, Building One
Concord, New Hampshire 03301-5185

Re: PSNH Nuclear Decommissioning Charge

Dear Mr. Arnold:

Enclosed please find the original and eight copies of a Technical Statement of Mr. Stephen R. Hall, Rate and Regulatory Services Manager, which includes an overview of the Nuclear Decommissioning Charge and a description of the calculation as contained in Attachments 1 through 5 to the Technical Statement. The purpose of Mr. Hall's Technical Statement is to present Public Service Company's annual update of the calculation of the Nuclear Decommissioning Charge (hereinafter "charge") and the calculation of the portion of the charge above the base level as assumed in the Rate Agreement.

On July 31, 1990, the New Hampshire Public Utilities Commission (hereinafter "Commission") issued Order No. 19,899 in NHPUC Docket No. DR 90-019 which established a methodology by which PSNH was to calculate the Nuclear Decommissioning Charge. In Order No. 20,475 issued May 11, 1992 in Docket No. DR 92-077, the Commission found that PSNH was entitled to collect the increased contributions ordered by the Nuclear Decommissioning Financing Committee (hereinafter "NDFC") and that the recalculated charge should be reflected on the bills rendered by PSNH to its retail customers. On June 3, 1992, the Commission issued Order No. 20,498 which modified Order No. 20,475. Order No. 20,498 modified the charge calculation by mandating the use of a Delivery Efficiency Factor in place of a Retail Loss Adjustment Factor.

PSNH is proposing that the charge remain at the current level of \$0.00012 per kilowatt-hour for the period June 1, 1993 through May 31, 1994. The assumptions underlying this charge for the applicable period are covered in detail in the Technical Statement and attachments. PSNH based the recalculation of the charge on the most recent funding schedule as approved by the NDFC in its Sixth Supplemental Order in Docket No. NDFC 91-1, dated March 9, 1992, and forecasted kilowatt-hour sales for the period from June 1, 1993 through May 31, 1994.

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Wynn E. Arnold, Esquire
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New Hampshire Public Utilities Commission

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Based upon an agreement reached with the Staff, PSNH will not compound the increase in the charge above the base levels by the 5.5% increase which becomes effective on June 1, 1993. A more formal written stipulation will be executed and filed for Commission approval which will encompass some amendments to the Rate Agreement.

Pursuant to RSA 162-F:19, III, the Rate Agreement and Commission Order No. 20,475, PSNH respectfully recommends that the Commission issue an Order Nisi that PSNH be required to publish a notice including the Order Nisi, and that the Commission approve the continuation of the current rate without a hearing. RSA 378:3.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Gerald M. Eaton". The signature is fluid and cursive, with the first name "Gerald" and last name "Eaton" clearly distinguishable.

Gerald M. Eaton
Corporate Counsel

GME:kn

Enclosures

Public Service Company of New Hampshire
Nuclear Decommissioning Charge

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Senate Finance Committee
Room 120 - State House
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Rep. Elizabeth Hager, Chairman
Appropriations Committee
State House - Room 100
Concord, NH 03301

Georgie Thomas, State Treasurer
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STATE OF NEW HAMPSHIRE
BEFORE THE PUBLIC UTILITIES COMMISSION
TECHNICAL STATEMENT OF
STEPHEN R. HALL

INTRODUCTION

My name is Stephen R. Hall. My business address is 1000 Elm Street, P.O. Box 330, Manchester, New Hampshire 03105. I am the Rate and Regulatory Services Manager in the Marketing Division of Public Service Company of New Hampshire (PSNH). I am responsible for FPPAC administration and rate administration, and certain aspects of the design of FPPAC. I am also responsible for various aspects of rate design, new service offerings, special contract development, rate policy and planning, special rate projects, and related regulatory matters.

PURPOSE OF THIS TECHNICAL STATEMENT

The purpose of this technical statement is to present the annual update of the calculation of the Nuclear Decommissioning Charge which will be shown as a memo item on retail customers' bills, and the calculation of the portion of the charge above the base level assumed in the Rate Agreement.

BACKGROUND AND OVERVIEW

On July 31, 1990, the Commission issued Order No. 19,899 in Docket No. DR 90-019 which established a basic formula and methodology by which PSNH was to calculate the Nuclear Decommissioning Charge. In Order No. 20,475 issued May 11, 1992 in Docket No. DR 92-077, the Commission found that PSNH was entitled to the increased contributions ordered by the Nuclear Decommissioning Financing Committee (NDFC) and that the recalculated Nuclear Decommissioning Charge should be reflected on customers' bills. The Nuclear Decommissioning Charge is composed of a base charge and an increment above base. In addition, the recalculation of the Nuclear Decommissioning Charge Rate was to take effect on June 1 of each year to coincide with other scheduled tariff changes.

In Order No. 20,498, issued June 3, 1992 in Docket No. DR 92-077, which modified Order No. 20,475, PSNH was ordered to modify the Nuclear Decommissioning Charge calculation to reflect the use of a Delivery Efficiency Factor rather than the Retail Loss Adjustment Factor. In addition, a reconciliation mechanism for the amount above base was deemed

to be necessary because the sales forecast will have to be reconciled to actual sales. Finally, the Commission ruled that the issue of compounding of the Nuclear Decommissioning Charge over the levels assumed in the Rate Agreement needed to be resolved.

After meeting with the parties on June 23, 1992, PSNH submitted a letter to the Commission stating that it had reached agreement with the parties and that it would not compound the increase in the Nuclear Decommissioning Charge above the levels assumed in the Rate Agreement by the 5.5% base rate increases. PSNH is currently pursuing amendments to the Rate Agreement to codify its agreement. The increment above base will not be compounded by the base rate increase which will take effect on June 1, 1993.

CALCULATION OF THE NUCLEAR DECOMMISSIONING CHARGE

The Nuclear Decommissioning Charge consists of two components: the base payments for the period and payments above base for the period. The payments above base are also broken down into payments above base for the effective period and payments above base for the prior period (June 1992 through May 1993). The calculation of each of these components, before allocation to New Hampshire retail sales, is shown on Attachment 1. Section I of Attachment 1 shows the calculation of the base payments for the effective period, Section II calculates the payment above base and Section III is the calculation of the prior period payments above base.

Attachment 2 shows PSNH's monthly contributions to the fund as determined by the Seventeenth Supplemental Order of the NDFC in Docket No. DF 87-1. Under the terms of the Rate Agreement, PSNH is entitled to recovery of the retail allocation of the difference between these amounts and the amounts shown in Attachment 3. The reference amounts are the costs known to the parties negotiating the Rate Agreement which were assumed to be included in the 5.5% rate increases provided for under the Rate Agreement. Rate Agreement, Section 8.

Attachment 3 shows PSNH's monthly contribution to the Nuclear Decommissioning Fund which PSNH is required to make based on the most recent funding schedule. This revised funding schedule was approved by the NDFC in its Sixth Supplemental Order in Docket No. NDFC 91-1, dated March 9, 1992.

Attachment 4 shows the calculation of the estimated Nuclear Decommissioning Charge for the Effective Period beginning June 1, 1993. The charge for this Effective Period will be \$0.00038 per kilowatt-hour. The difference between the total Nuclear Decommissioning Charge and the base amount (Part A) is \$0.00012 per kilowatt-hour, which is the Part B amount. Since this \$0.00012 per kilowatt-hour rate is the same amount which PSNH has included in its rates since June 1, 1992, no change from the current level is required. (In addition, as stated above, PSNH is not compounding the Decommissioning Charge amount in excess of the levels assumed in the Rate Agreement.)

Attachment 5 shows the calculation and amount of the reconciling adjustment for payments above base applicable to New Hampshire retail sales for the period ending May 1993.

SUMMARY

The Nuclear Decommissioning Charge for the effective period beginning June 1993 is \$0.00038 per kilowatt-hour. The base Nuclear Decommissioning Charge is \$0.00026 per kilowatt-hour (see Section II of Attachment 4) and the payment above base is \$0.00012 per kilowatt-hour. The \$0.00012 per kilowatt-hour payment above the base charge is the sum of the New Hampshire retail allocation of the payments above base for the Effective Period (\$778,575, from Attachment 1, Section II) and for the prior period reconciling adjustment above base (\$44,571, from Attachment 5), divided by estimated New Hampshire retail sales for the Effective Period (6,518,187,000 MWH, from Attachment 1). No change to PSNH's rate level will be required because the amount above base will remain at \$0.00012 per kilowatt-hour.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
SEABROOK NUCLEAR DECOMMISSIONING FUND
FOR THE EFFECTIVE PERIOD BEGINNING JUNE 1993

Attachment 1

I. CALCULATION OF BASE PAYMENTS FOR THE EFFECTIVE PERIOD:

(Monthly contribution amounts are taken from Attachment 2)

2	Months (June and July 1993)	x	\$151,714	=	\$303,428
10	Months (August 1993 through May 1994)	x	157,783	=	1,577,830
	Total Base Payments for the Period				<u>\$1,881,258</u>

II. CALCULATION OF PAYMENTS ABOVE BASE FOR THE EFFECTIVE PERIOD:

(Monthly contribution amounts are taken from Attachment 3)

7	Months (June through December 1993)	x	\$218,019	=	\$1,526,133
5	Months (January 1994 through May 1994)	x	226,740	=	1,133,700
	Total Payments for the Period				<u>\$2,659,833</u>
	Less Base Payments for the Effective Period				<u>(1,881,258)</u>
	Payments above Base for the Period				<u>\$778,575</u>

III. CALCULATION OF PAYMENTS ABOVE BASE FOR THE PRIOR PERIOD:

(Monthly contribution amounts are taken from Attachments 2 and 3)

Base Amount:

2	Months (June and July 1992)	x	\$145,879	=	\$291,758
10	Months (August 1992 through May 1993)	x	151,714	=	1,517,140
	Total Base Payments for the Period				<u>\$1,808,898</u>

Payment above Base:

7	Months (June through December 1992)	x	\$209,634	=	\$1,467,438
5	Months (January 1993 through May 1993)	x	218,019	=	1,090,095
	Total Payments for the Prior Period				<u>\$2,557,533</u>
	Less Base Payments for the Prior Period				<u>(\$1,808,898)</u>
	Payments above Base for the Prior Period				<u>\$748,635</u>

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
Seabrook Nuclear Decommissioning Fund
PSNH Monthly Contributions
Reference Amounts

Year Ending <u>7/31</u>	Monthly <u>Contribution</u>
1991	\$140,268
1992	145,879
1993	151,714
1994	157,783
1995	164,094
1996	170,658
1997	177,484
1998	184,583
1999	191,966
2000	199,645
2001	207,631
2002	215,936
2003	224,573
2004	233,556
2005	242,898
2006	252,614
2007	262,719
2008	273,228
2009	284,157
2010	295,523
2011	307,344
2012	319,638
2013	332,424
2014	345,721
2015	359,550
2016	373,932
2017	388,889
2018	404,445
2019	420,623
2020	437,448
2021	454,946
2022	473,144
2023	492,070
2024	511,753
2025	532,223
2026	553,512
2027	575,652
2028	598,678
2029	622,625
2030	647,530

Amounts are based on the Seventeenth Supplemental Order of the Nuclear Decommissioning Financing Committee dated June 2, 1989. These amounts are included within the rate levels set forth in the November 22, 1989 Agreement between Northeast Utilities Service Company and the Governor and Attorney General of the State of New Hampshire, for those years which are within the "fixed rate period" of the plan.

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
Seabrook Nuclear Decommissioning Fund
PSNH Monthly Contributions Based on Sixth Supplemental Order in Docket No. NDFC 91-1

	Year Ending <u>12/31</u>	Monthly <u>Contribution</u>
Starting 4/1/92	1992	\$209,634
	1993	218,019
	1994	226,740
	1995	235,810
	1996	245,242
	1997	255,052
	1998	265,254
	1999	275,864
	2000	286,899
	2001	298,375
	2002	310,310
	2003	322,722
	2004	335,631
	2005	349,056
	2006	363,018
	2007	377,539
	2008	392,641
	2009	408,347
	2010	424,681
	2011	441,668
	2012	459,335
	2013	477,708
	2014	496,816
	2015	516,689
	2016	537,357
	2017	558,851
	2018	581,205
	2019	604,453
	2020	628,631
	2021	653,776
	2022	679,927
	2023	707,124
	2024	735,409
	2025	764,825
	2026	795,418

Amounts are based on the schedule approved by the Nuclear Decommissioning Financing Committee in its Sixth Supplemental Order in Docket No. NDFC 91-1, dated March 9, 1992.

CALCULATION OF THE NUCLEAR DECOMMISSIONING CHARGE
FOR THE EFFECTIVE PERIOD BEGINNING JUNE 1, 1993

The following is the calculation of the Nuclear Decommissioning Charge for the Effective Period beginning June 1, 1993 to be shown as a memo item on customers' bills. This calculation is based upon Estimated Nuclear Decommissioning Payments Subject to Adjustment and Estimated KWH Requirements for the twelve month period beginning June 1, 1993. Any difference between actual and estimated data pertaining to Nuclear Decommissioning Payments above or below base amounts will be reflected in the Reconciling Adjustment used in the calculation of the Nuclear Decommissioning Charge for the next succeeding Effective Period.

I. Estimated Annual Data for the Effective Period beginning June 1, 1993:

Nuclear Decommissioning Payments:		
Base Amount		\$1,881,258
Payment Above (Below) Base		\$778,575
KWH Required (KWH Req.)		7,777,652,000 KWH
Delivery Efficiency Factor (DE)		0.920438

II. Calculation of Part A of Nuclear Decommissioning Charge:

$$\begin{aligned}
 &= \frac{\text{Base Amount}}{\text{KWH Req.} \times \text{DE}} = \text{Total Part A Nuclear Decommissioning Charge} \\
 &= \frac{\$1,881,258}{7,777,652,000 \times 0.920438} = \$0.00026279 \\
 &\text{Rounded to Five Decimal Places} \quad \$0.00026
 \end{aligned}$$

III. Calculation of Part B of the Nuclear Decommissioning Charge:

A. Payment Above Base

$$\begin{aligned}
 &= \frac{\text{Payment Above Base}}{\text{KWH Req.} \times \text{DE}} \\
 &= \frac{\$778,575}{7,777,652,000 \times 0.920438} = \$0.00010876
 \end{aligned}$$

B. Reconciling Adjustment for the Period Ending May 31, 1993

$$\begin{aligned}
 &= \frac{\text{Act. Part B NDC Rate less Est. Part B NDC Rate}}{\text{Times Actual N.H. Retail Sales}} \\
 &\quad \text{Est. N.H. Retail Sales (Annual period Beginning 6/1/93)} \\
 &= \frac{(\text{NDCa} - \text{NDCp}) \times \text{SAa}}{\text{SAI}} \\
 &= \left(\frac{\$0.00012715 - 0.00012000}{6,518,187,000} \right) \times 6,235,234,000 = 0.00000684 \\
 &\text{Total Part B Nuclear Decommissioning Charge Rate} \quad \$0.00011559 \\
 &\text{Rounded to Five Decimal Places} \quad \underline{0.00012}
 \end{aligned}$$

IV. Nuclear Decommissioning Charge (Part A + Part B):

Effective Period beginning June 1, 1993
Rounded to Five Decimal Places \$0.00038 /KWH

CALCULATION OF THE (OVER)/UNDERRECOVERY
OF PART B NUCLEAR DECOMMISSIONING CHARGE
FOR THE PERIOD ENDING MAY 31, 1993

I. Data for the Period Ending May 31, 1993 (twelve months):

Nuclear Decommissioning Payment Above Base	\$748,635	
KWH Required (KWH Req.)	7,523,372,000	KWH
N.H. Retail Sales	6,235,234,000	KWH
Delivery Efficiency Factor (DE)	0.924513	
Prior Period Reconciling Adjustment	\$121,683	

II. Part B (Over)/Underrecovery:

Nuclear Decommissioning Payment Above Base	\$748,635	
Divided by (KWH Req. x DE)	\$0.00010763	
Prior Period Reconciling Adjustment	<u>0.00001952</u>	
Part B Nuclear Decommissioning Charge Rate (NDCa)	\$0.00012715	
Less Estimated Rate (NDCp)	<u>0.00012000</u>	
Difference	\$0.00000715	
Times N.H. Retail Sales (SAa)	6,235,234,000	KWH
(Over)/Underrecovery	\$44,571	