

THE STATE OF NEW HAMPSHIRE
NUCLEAR DECOMMISSIONING FINANCING COMMITTEE
DOCKET NO. NDFC 2002-3

ORDER NO. 4

In the Final Report and Order in NDFC Docket 2002-2 (Final Order), the Nuclear Decommissioning Financing Committee (NDFC or Committee) required North Atlantic Energy Corporation (NAEC), the New Hampshire Electric Cooperative (NHEC), and New England Power Company (NEP) to calculate the amount of the decommissioning fund provided by New Hampshire customers as of the date each company sold its respective interest to FPL Energy Seabrook, LLC (FPLE Seabrook). The filing was required by RSA 162-F:21-b, II and applied only to Seabrook Joint Owners that were subject to regulation by the State of New Hampshire. The New Hampshire customer contributions of NHEC, NAEC, and NEP, collectively, as determined pursuant to RSA 162-F-22-a, are the customer contribution. Because this Order memorializes compliance with requirements established by a prior order of the Committee, the filings of the parties are sufficient basis for the Committee to confirm compliance and no public hearing is required.

Pursuant to RSA 162-F:21-b, II(c), the NDFC must “determine the portion of the fund contributed by New Hampshire customers of the electric utility, including interest and earnings as of the date of ownership transfer, and designate that portion of the fund as the customer contribution.” In the event decommissioning is completed for less than the amount of the customer contribution, the unspent amount of the customer contribution will be refunded to New Hampshire customers in a manner established by the New Hampshire Public Utilities Commission (NHPUC). *id.* Each Seabrook Joint Owner is solely responsible for its proportional responsibility for the cost of

decommissioning. RSA 162-F, 19, II. New Hampshire customers have no responsibility for decommissioning costs beyond what was paid as the customer contribution. Once determined by the NDFC, the customer contribution will not be increased by any income earned by investment of the monies, and the amount of the customer contribution will not be decreased by any fund management or administration expenses assessed against the decommissioning fund. id.

The amount paid into the decommissioning fund by each owner is intended to pay for that owner's proportional decommissioning costs. Therefore, when determining whether a refund must be made to New Hampshire customers, the customer contributions identified for NHEC, NAEC, and NEP must each be compared with the proportional decommissioning expense associated with the respective ownership previously supported by New Hampshire customers. When accounting for use of the customer contribution, the former Seabrook ownership shares of NHEC, NAEC, and NEP for which New Hampshire customers paid decommissioning costs, will be referred to as "The New Hampshire Share."

Presently, the projected cost of decommissioning Seabrook Station exceeds \$2 billion. Assuming decommissioning begins at the termination of the operating license, decommissioning expenses will be incurred until at least 2046. If the operating license is extended, decommissioning could continue beyond 2066. While certain decommissioning activities will begin with the termination of the operating license, some decommissioning activities may occur while the plant is still running. In determining when the customer contribution is expended, all decommissioning costs approved by the NDFC are to be recognized as they are actually incurred.

Each company made a timely compliance filing of its New Hampshire customer contribution calculation, as required by the Final Order. The calculations included the portion of the top-off payments, made pursuant to RSA 162-F:21-a, for the New Hampshire share. All accrued earnings of the customer contribution from the time of deposit until the date of sale were also included.

All contributions made by NHEC were properly identified as contributed by New Hampshire customers and the NDFC confirmed the calculation. The amount of the NHEC customer contribution is \$5,589,842.

The compliance filing by NEP identified 3% of its total decommissioning payments as being made by New Hampshire customers. The 3% allocation of expenses to New Hampshire customers is the same percentage determined to be appropriate by the New Hampshire Public Utilities Commission (NHPUC) and the Federal Energy Regulatory Commission over thirty years ago and the NDFC accepts the allocation. NEP's total decommissioning fund was \$25,604,442. Accordingly, the NEP New Hampshire customer contribution is \$768,133.

NAEC correctly calculated the total New Hampshire customer contribution to be \$92,521,667. NAEC proposed reducing this amount by \$112,500 to reflect the amount of its decommissioning fund attributable to the decommissioning fund acquired when NAEC purchased the Seabrook ownership interest previously owned by the Vermont Electric Generation and Transmission Cooperative (VEG&T). The Committee reviewed the order of the NHPUC authorizing NAEC to acquire the VEG&T Seabrook ownership interest. That order included the decommissioning fund as part of the total acquisition price recoverable from New Hampshire customers. Once the VEG&T sale to NAEC was

completed, the entire VEG&T share was combined with the NAEC ownership interest and received the same rate treatment.

While the NDFC is responsible for determining the amount to be paid into the decommissioning fund, the NHPUC is responsible for ratemaking for utilities it regulates. The amount of the decommissioning fund charged to New Hampshire ratepayers was a rate determination made by the NHPUC pursuant to RSA 162-F-21-a. If decommissioning is eventually completed for less than the customer contribution, the NHPUC will determine how to effectuate refunds. For these reasons, the NDFC finds it appropriate to include the portion of the NAEC decommissioning fund acquired from VEG&T as part of the New Hampshire customer contribution. Accordingly, the NDFC finds the NAEC customer contribution to be \$92,521,667. The NDFC finds the total decommissioning fund contribution made by New Hampshire customers to be \$98,879,642.

FPLE Seabrook shall recognize \$98,879,642 as the total customer contribution. FPLE Seabrook is not required to segregate these funds or to record the amount as a liability. When decommissioning expenses are incurred, FPLE Seabrook will allocate the proportional amount of the expense to the customer contribution. FPLE Seabrook shall file an accounting of the customer contribution with the NDFC, if the proportional decommissioning expenditures for the New Hampshire share exceed the customer contribution. The accounting is to identify the total decommissioning expenditure, the date it was actually incurred, and the allocation to the New Hampshire share.

Based on the foregoing, it is hereby

ORDERED, that the NAEC customer contribution is found to be \$92,521,667, the NHEC customer contribution is \$5,589,842, and the NEP New Hampshire customer contribution is \$768,133; and it is

FURTHER ORDERED, that the total decommissioning fund contribution made by New Hampshire customers was \$98,879,642; and it is

FURTHER ORDERED, that FPLE Seabrook shall recognize this amount as the customer contribution when decommissioning costs are incurred; and it is

FURTHER ORDERED, that FPLE Seabrook shall file with the NDFC an accounting of decommissioning expenditures from the fund at such time as the cost of decommissioning the New Hampshire share exceeds the customer contribution; and it is

FURTHER ORDERED, that, at the conclusion of all decommissioning and prior to release by the NDFC of any unexpended decommissioning funds to FPLE Seabrook, FPLE Seabrook shall file with the NDFC an accounting of all expenditures from the decommissioning fund. The accounting shall identify any unexpended customer contribution.

By Order of the Nuclear Decommissioning Financing Committee this twentieth day of May, 2003.

Thomas B. Getz
Chairman