
FEDERAL ENERGY REGULATORY COMMISSION



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NEWS RELEASE

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FOR IMMEDIATE RELEASE

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Docket No. EL03-37-005

COMMISSION REDUCES TERMINATION FEE REQUIRED BY TOWN OF NORWOOD, MASSACHUSETTS BY \$30 MILLION

The Federal Energy Regulatory Commission today said the Town of Norwood, Massachusetts's charge for terminating a long-term contract with New England Power Company would be significantly reduced by as much as \$30 million.

The Commission is directing New England Power Company to calculate the Contract Termination Charge (CTC) plus interest for late payment by the Town of Norwood using a prime rate-based interest rate, not the 18 percent penalty rate originally proposed.

Today's action follows a decision by the United States Court of Appeals for the First Circuit that remanded the case back to the Commission to determine what interest rate the Town of Norwood should be required to pay on late CTC payments. The court's decision "largely affirmed the Commission's order, including the requirement for interest on late payments to be based on at least the prime rate, but remanded the issue of whether more than the prime rate is due," the Commission said.

In 1983, New England Power Company, now renamed National Grid USA Service Company, began providing wholesale service to the Town of Norwood. The original agreement between Norwood and New England Power Company extended the agreement through October 2008. However, the Town of Norwood notified New England Power Company that it intended to terminate its contract early on April 1, 1998 in order to obtain electric service from another supplier. In a July 22, 2005 decision, the Commission ruled that the Town of Norwood had violated terms of its contract and ordered them to pay \$71.9 million plus interest to the utility.

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