

THE STATE OF NEW HAMPSHIRE
BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE D/B/A EVERSOURCE ENERGY
PREPARED TESTIMONY OF LOIS B. JONES
TRANSMISSION COST ADJUSTMENT MECHANISM (TCAM)

Docket No. DE 15-136

1 **Q. Please state your name, business address and your present position.**

2 A. My name is Lois B. Jones. My business address is 780 North Commercial Street,
3 Manchester, New Hampshire. I am employed by Eversource Energy as the Team Leader of
4 the New Hampshire Rates Department. In that position I provide service to Public Service
5 Company of New Hampshire d/b/a Eversource Energy (“Eversource” or “the Company”).

6 **Q. Have you previously testified before the Commission?**

7 A. Yes, I sponsored testimony before the Commission in the 2014 TCAM rate adjustment
8 docket.

9 **Q. Please describe your educational background.**

10 A. I graduated from New Hampshire College (now Southern New Hampshire University) in
11 1980 with a Bachelor of Science degree in Economics and Finance.

12 **Q. Please describe your professional experience.**

13 A. Upon graduation, I joined PSNH as an analyst in the Rates and Load Research Department.
14 I have since held various analyst and supervisor positions in the Rates area. I have
15 experience in rate design and pricing, revenue forecasting and embedded and marginal cost
16 of service studies.

17 **Q. What are your current responsibilities?**

18 A. I have general responsibility for the Company’s rate design and administration of its
19 Delivery Service tariff.

1 **Q. What is the purpose of your testimony?**

2 A. The purpose of my testimony is to propose transmission prices for effect July 1, 2015 under
3 the Transmission Cost Adjustment Mechanism (TCAM). My testimony proposes specific
4 rates and charges for transmission based on the transmission revenue requirement contained
5 in the attachments to Mr. Shelnitz's testimony.

6 **Q. Have you calculated specific rates and charges for transmission for all rate classes?**

7 A. Yes, I have. The proposed rates and charges are included in Attachment LBJ-1.

8 **Q. Please describe generally the transmission pricing rate design contained in**
9 **Attachment LBJ-1.**

10 A. The rates have been calculated as required by the settlement agreement in Docket No. DE
11 06-028, in the same manner that they have been calculated since the approval of this
12 settlement. In simple terms, with the exception of its Backup Delivery Service Rate B, the
13 Company adjusts all transmission rates by an equal percentage to achieve the overall
14 average transmission rate, in this case, 1.785 cents/kWh.

15 For Rate B, the settlement agreement provides that transmission costs be recovered through
16 a demand charge, and it splits the demand charge into two components for rate calculation
17 purposes: a base component and an incremental component¹. The settlement agreement
18 describes the cost allocation for the base component, and it also states that other
19 transmission rates will be calculated through equal percentage adjustments.

20 To calculate the base component, a portion of the TCAM costs are allocated to Rate B
21 based on the class contribution to the Company's demands at the time of the monthly NU
22 system peaks. These costs are reconciled against actual revenue for the class, with any
23 resulting over- or under-recovery flowing into the rate calculation. The incremental
24 component of the rate is adjusted by the same percentage applied to all other rates.

¹ For billing purposes, the two components are summed so only one demand charge is billed.

1 **Q. Please describe how the base component of the Rate B demand charge was**
2 **determined.**

3 A. First, the ratio of average Rate B demands to average total Company demands at the time of
4 the monthly NU system peaks was calculated. The calculation of that ratio is shown on
5 Page 2 of Attachment LBJ-2. Once the ratio was calculated, the Rate B base component
6 revenue requirement for the forecast period was determined by multiplying the ratio by the
7 total transmission revenue requirement for the forecast period included in Mr. Shelnitz's
8 Attachment MLS-1. The Rate B base component forecasted revenue requirement is shown
9 on line 7 of Page 1 of Attachment LBJ-2. The base component reconciliation from the
10 prior period was then added to the base component forecasted revenue requirement to
11 determine the total base component revenue requirement (line 11 of Page 1 of Attachment
12 LBJ-2). The Rate B base component rate was then determined by dividing the total base
13 component revenue requirement by projected billing demand. As shown on Page 1 of
14 Attachment LBJ-2, that calculation produces a Rate B base component rate of \$0.08 per
15 kW or kVA per month.

16 **Q. How did you calculate the base component reconciliation?**

17 A. The base component reconciliation calculation is shown on Page 3 of Attachment LBJ-2. It
18 was calculated by multiplying the prior period transmission revenue requirement by the
19 base component ratio for the prior period. The base component revenue for the prior period
20 was then subtracted from the base component revenue requirement to determine the base
21 component reconciliation (in this case, an over-recovery).

22 **Q. How did you forecast the data to perform the calculations described above?**

23 A. For the contribution to the monthly NU system peaks, we used historical data as a proxy for
24 what will occur in the prospective period because there is no other reasonable way to
25 forecast Rate B contributions to peak load. The projected billing demand for Rate B was
26 based on actual historical data, with adjustments that could reasonably be anticipated. For
27 total transmission revenue requirements, we used the data provided in Mr. Shelnitz's
28 testimony.

1 **Q. How did you calculate all other transmission rates and charges?**

2 A. The transmission rate calculations were based on billing determinants for the 2014 test
3 year. On Attachment LBJ-3, we multiplied the forecasted TCAM rate provided in Mr.
4 Shelnitz's attachment by test year MWH sales to produce the target transmission revenue
5 for the test year. From that test year revenue requirement, we subtracted the Rate B base
6 component revenue which was calculated based on test year billing determinants on
7 Attachment LBJ-4. The result of this subtraction is the amount to be recovered from all
8 other customers. Revenue and the resulting rates and charges were determined by adjusting
9 all currently-effective revenue and rates by an equal percentage to the level necessary to
10 recover the transmission revenue requirement net of the Rate B base amount. The
11 allocation of transmission revenue to class under this methodology is shown on Attachment
12 LBJ-3.

13 **Q. Does this complete your testimony?**

14 A. Yes, it does.