

THE STATE OF NEW HAMPSHIRE
BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION
PREPARED TESTIMONY OF LOIS B. JONES
TRANSMISSION COST ADJUSTMENT MECHANISM (TCAM)

Docket No. DE 16-566

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, Manchester, New
3 Hampshire. I am employed by Eversource Energy Service Company as the Team Leader of the
4 New Hampshire Rates Department. In that position I provide service to Public Service Company of
5 New Hampshire d/b/a Eversource Energy (“Eversource” or “the Company”).

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

7 A. Yes, I have sponsored testimony in Docket No. DE 14-134 (2014 Transmission Cost Adjustment
8 Mechanism) and Docket No. DE 15-136 (2015 Transmission Cost Adjustment Mechanism).

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

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

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

13 A. The purpose of my testimony is to propose transmission prices for effect July 1, 2016 under the
14 Transmission Cost Adjustment Mechanism (TCAM). My testimony proposes specific rates and
15 charges for transmission based on the transmission revenue requirement contained in the
16 attachments to Mr. Bidmead’s testimony.

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

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

1 **Q. Please describe generally the transmission pricing rate design contained in Attachment LBJ-**
2 **1.**

3 A. The rates have been calculated as required by the settlement agreement in Docket No. DE 06-028,
4 in the same manner that they have been calculated since the approval of this settlement. In simple
5 terms, with the exception of its Backup Delivery Service Rate B, the Company adjusts all
6 transmission rates by an equal percentage to achieve the overall average transmission rate, in this
7 case, 2.193 cents/kWh.

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

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

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

19 A. First, the ratio of average Rate B demands to average total Company demands at the time of the
20 Legacy NU monthly system peaks was calculated. The calculation of that ratio is shown on Page 2
21 of Attachment LBJ-2. Once the ratio was calculated, the Rate B base component revenue
22 requirement for the forecast period was determined by multiplying the ratio by the total
23 transmission revenue requirement for the forecast period included in Mr. Bidmead's Attachment
24 DFB-1. The Rate B base component forecasted revenue requirement is shown on line 7 of Page 1
25 of Attachment LBJ-2. The base component reconciliation from the prior period was then added to
26 the base component forecasted revenue requirement to determine the total base component revenue
27 requirement (line 11 of Page 1 of Attachment LBJ-2). The Rate B base component rate was then
28 determined by dividing the total base component revenue requirement by projected billing demand.

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

1 As shown on Page 1 of Attachment LBJ-2, that calculation produces a Rate B base component rate
2 of \$0.99 per kW or kVA per month.

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

4 A. The base component reconciliation calculation is shown on Page 3 of Attachment LBJ-2. It was
5 calculated by multiplying the prior period transmission revenue requirement by the base component
6 ratio for the prior period. The base component revenue for the prior period was then subtracted
7 from the base component revenue requirement to determine the base component reconciliation (in
8 this case, an under-recovery).

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

10 A. For the contribution to the Legacy NU monthly system peaks, we used historical data as a proxy for
11 what will occur in the prospective period because there is no reliable way to forecast Rate B
12 contributions to peak load. The projected billing demand for Rate B was based on actual historical
13 data, with adjustments that could reasonably be anticipated. For total transmission revenue
14 requirements, we used the data provided in Mr. Bidmead's testimony.

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

16 A. The transmission rate calculations were based on 2014 actual billing determinants. On Attachment
17 LBJ-3, we multiplied the forecasted TCAM rate provided in Mr. Bidmead's attachment by 2014
18 billed MWH sales to produce the target transmission revenue. From that target revenue, we
19 subtracted the Rate B base component revenue which was calculated based on 2014 billing
20 determinants on Attachment LBJ-4. The result of this subtraction is the amount to be recovered
21 from all other customers. Revenue and the resulting rates and charges were determined by
22 adjusting all currently-effective revenue and rates by an equal percentage to the level necessary to
23 recover the transmission revenue requirement net of the Rate B base amount. The allocation of
24 transmission revenue to class under this methodology is shown on Attachment LBJ-3.

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

26 A. Yes, it does.