

THE STATE OF NEW HAMPSHIRE
BEFORE THE PUBLIC UTILITIES COMMISSION
PREPARED TESTIMONY OF CHRISTOPHER J. GOULDING
REQUEST FOR RECOVERY OF
ANNUAL ASSESSMENT CHANGE AND PROCEEDING COSTS
Docket No. DE 17-xxx

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

2 A. My name is Christopher J. Goulding. My business address is 780 North Commercial
3 Street, Manchester, NH. I am employed by Eversource Energy Service Company as the
4 Manager of New Hampshire Revenue Requirements and in that position I provide service
5 to Public Service Company of New Hampshire d/b/a Eversource Energy (“Eversource”
6 or the “Company”).

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

8 A. Yes, on numerous occasions.

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

10 A. I am currently responsible for the coordination and implementation of revenue
11 requirements calculations for Eversource, as well as the filings associated with
12 Eversource’s Energy Service (“ES”) rate, Stranded Cost Recovery Charge (“SCRC”),
13 Transmission Cost Adjustment Mechanism (“TCAM”), and Alternate Default Energy
14 (“ADE”) rate.

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

2 A. The purpose of my testimony is to seek the approval of an adjustment to Eversource's
3 distribution rates effective January 1, 2018 to account for two items: 1) an increase in the
4 assessment expenses of the Commission over the level currently included in rates; and 2)
5 costs incurred for the Commission Staff and Office of Consumer Advocate ("OCA")
6 consultants in two dockets (DE 15-296 Grid Mod and DE 16-576 Net Metering) that
7 were initiated by the passage of laws in 2015 and 2016. This testimony describes the
8 costs being sought for recovery, the amount of such costs, the proposed method of cost
9 recovery, and the resulting rate impacts necessary to recover the costs.

10 **Q. Can you please briefly describe the contents of Attachment CJG-1?**

11 A. Attachment CJG-1 provides an overview of the average distribution rate impact
12 associated with the two proposed changes to the distribution rates as well as detailed
13 calculations of the request for an increase in the assessment recovery, proceeding costs
14 recovery, and the change to the individual distribution rates.

15 **Q. Can you please provide detail supporting your request for recovery of costs
16 associated with the Commission's assessment through distribution rates?**

17 A. Yes. Senate Bill 324, which became effective July 1, 2014, amended RSA chapter 363-A
18 and, among other things, shifted the manner in which utilities are assessed to recover the
19 expenses of the Commission. In addition to changing the manner of the assessment itself,

1 the bill also changed the manner by which public utilities recover the annual assessment
2 costs from customers. Specifically, the law states:

3 Assessment amounts determined with reference to the revenues of
4 competitive electric power suppliers and all assessments against
5 regulated electric distribution utilities and electric cooperatives for
6 which a certificate of deregulation is on file with the commission
7 shall be collected from electric customers through the distribution
8 rates of the respective electric distribution utility or rural electric
9 cooperative for which a certificate of deregulation is on file with
10 the commission; provided that an amount equal to the amount
11 assessed directly to a competitive electric power supplier under
12 RSA 363-A:2, III shall be collected from the energy service or
13 default service customers of each electric distribution utility or
14 rural electric cooperative for which a certificate of deregulation is
15 on file with the commission.

16 RSA 363-A:6, I. The law further provides that the Commission “shall by order establish
17 rate recovery mechanisms” for recovering the assessed amounts, and that such
18 mechanisms “shall adjust annually to recover any change in a utility’s annual
19 assessment.” RSA 363-A:6, III.

20 **Q. Did Eversource adjust its distribution rates after passage of the law?**

21 A. Yes. In Docket No. DE 14-347, Eversource submitted a filing that was approved by
22 Order No. 25,743 (December 29, 2014) that incorporated a Commission assessment level
23 in distribution rates of \$4.149 million and \$10 thousand in energy service rates and
24 removed any recovery of assessments from the Transmission Cost Adjustment
25 Mechanism (“TCAM”). Also, while Eversource noted that future changes to the
26 distribution rates to account for assessments might occur through an annual adjustment

1 mechanism, it did not propose one at that time. As a result, in its order the Commission
2 stated that:

3 With respect to the request in the Petition that the Commission establish a
4 reconciling process that would adjust annually to recover any change in
5 PSNH's annual assessment, the Commission agrees with Staff that
6 establishing such a process or mechanism at this time would be premature.
7 The Company has not proposed a specific reconciling or adjustment
8 mechanism for the Commission's consideration. The rate adjustment issue
9 will not be relevant until after the new assessment invoice is issued next
10 year, and the Company anticipates that the effect of any change in the
11 assessment amount might not be significant enough to support a rate
12 change proposal. The Commission therefore declines to establish an
13 annually-adjusting rate recovery mechanism at this time, and instead
14 directs the Company to file a rate adjustment proposal if and when it seeks
15 to increase or decrease its distribution rates based on changes in the
16 amount of the assessment under RSA 363-A.

17 Order No. 25,743 at 6. Consistent with that final sentence, Eversource is now filing the
18 anticipated rate adjustment proposal.

19 **Q. Regarding assessment costs, why is Eversource seeking a change to base distribution**
20 **rates for 2018 and did not previously seek annual changes in 2016 or 2017?**

21 A. As had been anticipated in 2014, the changes in the level of assessment had not
22 previously been significant enough to justify a rate adjustment proposal. The change in
23 the assessment for fiscal Year 2018 is an increase of \$874 thousand over the level
24 established in Docket No. DE 14-347. For fiscal year 2016 and fiscal year 2017, the
25 changes were relatively minor with fiscal year 2016 being \$48 thousand lower than the
26 amount established in DE 14-347, and fiscal year 2017 being \$86 thousand higher than
27 the amount established in DE 14-347. Combining the 3 years' assessments together for a
28 single rate change results in a total increase in the assessment amount at this time of \$912

1 thousand over the amount previously included in Eversource's rates as calculated on
2 Attachment CJG-1, page 2.

3 **Q. Is Eversource proposing a separate tracking mechanism for the assessment costs at**
4 **this time?**

5 A. Not at this time. As noted in 2014, in that the assessment recovery mechanism is to be
6 adjusted annually, it would likely make sense to establish a reconciling mechanism that
7 would address these costs without requiring adjustments to Eversource's base distribution
8 rates and Eversource may propose to establish a separate reconciling mechanism for
9 assessment costs, or other appropriate costs, as part of its next distribution rate case. At
10 this time, however, for administrative ease Eversource is proposing only to amend its
11 base distribution rates as shown in the attachments. In Order No. 25,743, the
12 Commission concluded that the current manner of collecting assessment costs is a just
13 and reasonable means of compliance with the requirements of the Commission
14 assessment statute, RSA 363-A, and Eversource seeks to continue that same method for
15 now.

16 **Q. Can you please provide detail supporting your request for recovery of costs**
17 **associated with PUC proceeding consultant costs incurred by Staff and OCA and**
18 **billed to the Company?**

19 A. Eversource is seeking recovery of Staff's and OCA's consultant costs related to Docket
20 No. DE 15-296 (Grid Mod) and Docket No. DE 16-576 (Net Metering) under RSA
21 365:37, II, RSA 365:38-a, and RSA363:28, III, which state:

1 **365:37, II.** – Whenever the commission institutes a proceeding, or when more than one
2 utility subject to the jurisdiction of the commission shall be involved in a
3 proceeding in which the commission requires the assistance of experts,
4 accountants or other assistants, regardless of whether they petitioned the
5 commission in the first instance, the commission may assess the costs of experts,
6 accountants or other assistants hired by the commission against the utilities and
7 any other parties to the proceeding. The commission shall not, however, assess
8 any such costs against the office of the consumer advocate or against any
9 voluntary corporation, not-for-profit organization, or any municipality unless the
10 municipality is involved in a proceeding before the commission pursuant to RSA
11 38. In the case of a utility, the assessment of those costs shall be based on the
12 annual revenues of the participating utilities in the same manner as issued in
13 assessing the annual operating expenses of the commission, or as appropriate and
14 equitable on a case by case basis. In the case of a party who is not a utility, the
15 assessment of those costs shall be as appropriate and equitable on a case by case
16 basis. Such expenses shall not include any part of the salaries or expenses of the
17 commissioners or of employees of the commission or, unless the proceeding is
18 being conducted pursuant to RSA 38, the fees of experts testifying as to values in
19 condemnation proceedings.

20 **365:38-a Proceeding Costs.** – The commission may allow recovery of costs associated
21 with utility proceedings before the commission, provided that recovery of costs
22 for utilities and other parties shall be just and reasonable and in the public interest.
23 . . . If an award of costs is granted in a proceeding involving a change in a utility's
24 rates, the entire amount of the award shall be recovered by the utility in that
25 proceeding. If an award of costs is granted in a proceeding other than one
26 involving a change in a utility's rates, the entire amount of the award shall be
27 immediately recovered by the utility through measures approved on a timely basis
28 by the commission.

29 **363:28, III.** – The consumer advocate shall have authority to contract for outside
30 consultants within the limits of funds available to the office. With the approval of
31 the fiscal committee of the general court and the governor and council, the office
32 of the consumer advocate may employ experts to assist it in proceedings before
33 the public utilities commission, and may pay them reasonable compensation. The
34 public utilities commission shall charge a special assessment for any such
35 amounts against any utility participating in such proceedings and shall provide for
36 the timely recovery of such amounts for the affected utility.

1 **Q. Can you please provide additional detail on the consultant costs included in this**
2 **request?**

3 A. Eversource is seeking recovery of consultant expenses incurred by OCA and Staff from
4 2016 to present that have been invoiced to Eversource related to the Grid Mod and Net
5 Metering dockets that both concluded in 2017. The costs associated with Staff and OCA
6 consultants in the Grid Mod docket total \$140 thousand and the similar costs associated
7 with the Net Metering docket total \$291 thousand, for a grand total of \$431 thousand.
8 The supporting detail for the amounts can be found on Attachment CJG-1, page 3.

9 **Q. Is recovery of these costs just and reasonable?**

10 A. Yes. The costs were incurred as a result of the work of the Staff and OCA consultants
11 and charged to the various utilities. On April 20, 2017 in Order No. 26,007 in Docket
12 No. DE 16-384 relating to Unitil Energy Systems Inc.'s rate case, the Commission
13 approved, as just and reasonable, a settlement agreement permitting Unitil to recover the
14 portion of the Staff and OCA consultant costs charged to Unitil from the Grid Mod and
15 Net Metering proceedings. Through this submission Eversource is seeking to recover the
16 same costs already permitted for Unitil.

17 **Q. Over what period is the Company proposing to recover the consultant costs?**

18 A. Eversource is proposing that the consultant costs be recovered over the one year period of
19 January 1 through December 31, 2018. At the end of 2018, barring any change to the

1 manner of recovery in that time, Eversource would adjust its distribution rates to remove
2 the consultant costs.

3 **Q. What is the net impact of the proposed changes to the average distribution rates?**

4 A. Effective January 1, 2018, the inclusion of changes relating to both items covered in this
5 submission results in an increase to the average distribution rate of \$0.017 per kWh
6 consistent with the calculation on Attachment CJG-1, page 1. The rate impacts specific
7 to each rate class are included on Attachment CJG-1, page 4.

8 **Q. Does the Company require Commission approval of this rate change by a specific
9 date?**

10 A. Yes, it does. To implement the new rate for service rendered on or after January 1, 2018,
11 Eversource would need final approval of the change to distribution rates no later than
12 Wednesday, December 27, 2017.

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

14 A. Yes, it does.