

**THE STATE OF NEW HAMPSHIRE**

**BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION**

**SUPPLEMENTAL PREPARED TESTIMONY OF CHRISTOPHER J. GOULDING**

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE d/b/a EVERSOURCE ENERGY**

**2018 RELIABILITY ENHANCMENT PROGRAM RECONCILIATION  
AND REQUEST FOR PROGRAM CONTINUATION**

**Docket No. DE 17-196**

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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 submitted testimony in this proceeding?**

8 A. Yes, I submitted testimony on December 15, 2017 as part of the Company’s initial filing  
9 in this matter.

10 **Q. What is the purpose of this supplemental testimony?**

11 A. The purpose of this supplemental testimony is to explain the changes to Eversource’s  
12 proposed Distribution rate change in this proceeding. More specifically, as a result of  
13 Congress’ recently enacted H.B. 1, commonly referred to as the Tax Cuts and Jobs Act,  
14 as well as minor changes in New Hampshire tax law, it is no longer necessary to adjust  
15 the Company’s rates to continue the Reliability Enhancement Program (“REP”) as  
16 previously proposed. This testimony will briefly explain the changes to the laws, and the  
17 resulting amendment to the Company’s rate request.

18 **Q. What was the Company’s initial proposal?**

19 A. Under the Company’s initial proposal to reconcile the current REP investments, and the  
20 investments over the 12 months ending December 31, 2018, Eversource was requesting

1 an increase of \$0.021 cents/kWh to the current Distribution rates for effect from February  
2 1, 2018 through December 31, 2018.

3 **Q. What has changed for this supplemental testimony?**

4 A. While Eversource still intends to implement the REP projects and initiatives as proposed  
5 in the testimony of Mssrs. Dickie and Lajoie in the December 15, 2017 submission, the  
6 need for a rate change to support those projects and initiatives has been eliminated. The  
7 Tax Cuts and Jobs Act, which took effect on January 1, 2018, makes numerous changes  
8 to the level of taxes paid by Eversource including, perhaps most significantly, that the  
9 Federal Tax rate for 2018 has been decreased from 35 percent to 21 percent.  
10 Additionally, this new law includes other changes such as alterations to the manner of  
11 calculating depreciation on certain plant assets. Other, though smaller, changes have  
12 occurred at the State level. The full scope and extent of the changes required by the Tax  
13 Cuts and Jobs Act and the State law changes are still being analyzed, and will form part  
14 of a more comprehensive submission in the Commission's pending docket, Docket No.  
15 IR 18-001.

16 Although the full extent of the changes is still being determined, for purposes of the REP,  
17 in Eversource's judgment amendments to the calculations of the rates to reflect certain of  
18 the new tax obligations can, and should be, made for this filing. Further refinements will  
19 be necessary, and a reconciliation will occur later to account for them. For the present,  
20 however, Eversource has amended its calculations to incorporate the following  
21 adjustments, as shown in the attached schedules:

- 22 1. Attachment CJG-1, Page 3, Line 21: Pre-tax rate of return has been updated to  
23 reflect the 21.0% Federal Tax rate and 7.9% NH Business Tax rate. This change  
24 reduced the monthly return percent from 0.89% per month to 0.76% per month.
- 25 2. Attachment CJG-1, Page 11, Line 1 through 13: Bonus depreciation for 2018 has  
26 been eliminated. Prior to the passage of the Tax Cuts and Jobs Act, the bonus  
27 depreciation for 2018 was 40.0%.

- 1           3.       Attachment CJG-1, Page 13, Line 1 through 4: An additional column has been  
2                   added to calculate the estimated 2018 pre-tax rate of return incorporating the 21%  
3                   Federal Tax rate and 7.9% Business Tax rate. The reduction in the Federal and  
4                   State tax rates for the 2018 rate of return results in the estimated annual 2018 pre-  
5                   tax rate of return decreasing from 10.68% to 9.09%.
- 6           4.       Attachment CJG-3, Page 1: This page has been removed from the filing because  
7                   there is no longer a request for a rate change.

8           The result of the changes to the calculations, as shown on CJG-1, page 1, is a lower  
9           revenue requirement to support the REP, which removes any need to amend Eversource's  
10           rates to continue the REP in calendar year 2018. As a result, to implement the REP in  
11           2018 as proposed, Eversource is not requesting a change in rates.

12   **Q.     Did the changes in the laws result in no cost impact at all?**

13   A.     Not completely. As can be seen in the schedules, applying the above changes results in a  
14           small forecasted over-recovery. However, because that potential over-recovery is so  
15           slight, in Eversource's assessment there is no justification to modify rates at present. In  
16           that the REP is a reconciling program, this forecasted over-recovery, should it occur,  
17           would be reconciled as part of the program year 2018 costs. Furthermore, any future  
18           reconciliation will also account for other potential changes in costs, including: 1) the  
19           elimination of bonus depreciation in 2017 effective September 30, 2017; and 2) changes  
20           to the 2018 deferred income tax calculation, which is still being reviewed.

21   **Q.     Does this submission account for all of the changes in the laws?**

22   A.     No. As noted earlier, the full impact of the changes to the laws is still being assessed by  
23           the Company. When that assessment is more complete, the Company will include  
24           information on the various required calculations and adjustments in its submission in  
25           Docket No. IR 18-001. Nevertheless, it appeared appropriate and reasonable to  
26           incorporate the changes relating to the REP that are known to the Company now, and to  
27           allow for further refinement later.

1 **Q. Do these changes require any other changes to the REP?**

2 A. No. The Company is still proposing the same programs, projects, and initiatives, and  
3 nothing about those is changing. Moreover, nothing is changing with respect to the  
4 Company's commitments described in my initial testimony relating to Troubleshooters,  
5 or to Enhanced Tree Trimming and Hazard Tree Removal, which were arrived at  
6 following discussions with the Staff and the Office of Consumer Advocate. All that is  
7 changing is the rate calculations, and the removal of any bill impact to customers from  
8 continuing the REP in 2018.

9 **Q. Does this conclude your supplemental testimony?**

10 A. Yes, it does.