

THE STATE OF NEW HAMPSHIRE
BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION
PREPARED TESTIMONY OF EDWARD A. DAVIS
TRANSMISSION COST ADJUSTMENT MECHANISM (TCAM)

Docket No. DE 19-106

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

2 A. My name is Edward A. Davis. My business address is 107 Selden Street, Berlin, CT 06037. I am
3 employed by Eversource Energy Service Company as Director of the Rates Department. In that
4 position I provide service to all Eversource subsidiaries, including Public Service Company of New
5 Hampshire d/b/a Eversource Energy (“Eversource” or “the Company”).

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

7 A. Yes, I have.

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

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

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

12 A. The purpose of my testimony is to propose transmission prices for effect August 1, 2019 under the
13 Transmission Cost Adjustment Mechanism (“TCAM”). My testimony proposes specific rates and
14 charges for transmission based on the transmission revenue requirement contained in the
15 attachments to Ms. Menard and Mr. Bidmead’s testimony.

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

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

1 **Q. Please describe the Company's transmission pricing rate design proposal.**

2 A. The rates provided in Attachment EAD-1 have been calculated as required by the settlement
3 agreement in Docket No. DE 06-028, in the same manner that they have been calculated since the
4 approval of this settlement. In general, other than Backup Delivery Service Rate B, the Company
5 adjusts all current transmission rates by an equal percentage to achieve the overall average
6 proposed transmission rate, in this case, 2.051 cents/kWh.

7 For Rate B, the settlement agreement provides that transmission costs be recovered through a
8 demand charge, and it splits the demand charge into two components for rate calculation purposes:
9 a base component and an incremental component¹. To calculate the base component, a portion of
10 the TCAM costs are allocated to Rate B using the class contribution to the Company's demands at
11 the time of the Legacy NU monthly system peaks. These costs are reconciled against actual
12 revenue for the class, with any resulting over- or under-recovery flowing into the rate calculation.
13 The incremental component of the rate is adjusted by the same percentage applied to all other rates.

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

15 A. Please refer to Attachment EAD-2. First, the ratio of average Rate B demands to average total
16 Company demands at the time of the Legacy NU monthly system peaks was calculated. See page
17 2. Once the ratio was calculated, the Rate B base component revenue requirement for the forecast
18 period was determined by multiplying the ratio by the total transmission revenue requirement for
19 the forecast period included in Ms. Menard and Mr. Bidmead's testimony, Attachment ELM/DFB-
20 1. See line 18. The base component reconciliation from the prior period was then added to the base
21 component forecasted revenue requirement to determine the total base component revenue

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

1 requirement. See lines 20-22. The Rate B base component rate was then determined by dividing
2 the total base component revenue requirement by the projected billing demand. That calculation
3 produces a Rate B base component rate of \$0.51 per kW or kVA per month.

4 **Q. How was the Rate B base component reconciliation calculated?**

5 A. The estimated base component reconciliation calculation applicable to Rate B is shown on Page 3
6 of Attachment EAD-2. It was calculated by multiplying the estimated transmission revenue
7 requirement for the twelve-month period August 1, 2018 through July 31, 2019 by the base
8 component ratio for the same period. The base component reconciliation for the prior period July 1,
9 2017 through July 31, 2018 was then added to the base component revenue requirement. The
10 estimated base component revenue for the period August 2018 through July 2019 was then
11 subtracted from the total base component revenue requirement to determine the estimated base
12 component reconciliation (in this case, an under-recovery of \$176,064). Please see line 32, page 3
13 of Attachment EAD-2.

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

15 A. For the contribution to the monthly system peaks, historical data has been used as a proxy for what
16 is expected to occur prospectively. The projected billing demand for Rate B was based on actual
17 historical data, with adjustments that could reasonably be anticipated. The total transmission
18 revenue requirement is based on the forecast provided in Ms. Menard and Mr. Bidmead's
19 testimony.

20 **Q. How have all other proposed transmission rates and charges been calculated?**

21 A. The transmission rate calculations were based on 2014 actual billing determinants. As shown on
22 Attachment EAD-3, lines 13-17 the forecasted TCAM rate provided in Ms. Menard and Mr.

1 Bidmead's testimony was multiplied by 2014 billed MWH sales to produce the target transmission
2 revenue. The Rate B base component revenue shown on Attachment EAD-4 was then subtracted
3 from the target transmission revenue. The result of this subtraction is the amount to be recovered
4 from all other customers.

5 Revenue and the resulting rates and charges for all other customer classes were determined by
6 adjusting all currently-effective revenue and rates by an equal percentage to the level necessary to
7 recover the transmission revenue requirement net of the Rate B base amount. The allocation of
8 transmission revenue to class under this methodology is shown on Attachment EAD-3, lines 27-54.

9 **Q. Please explain why 2018 sales and demands filed in the Company's Permanent rate case,**
10 **Docket No. DE 19-057, were not used to calculate bill impacts or used to develop billing**
11 **determinants.**

12 A. The 2018 Test Year information used in the permanent rate case has not been litigated or approved
13 by the Commission. Based on the current schedule in that case, approval is anticipated to occur by
14 mid-2020. The Company therefore believes it is appropriate to update the billing determinants and
15 allocations to each customer only after approval of rates in the permanent rate case. Presuming the
16 new billing determinants and allocations are approved in time, the Company plans to incorporate
17 these changes in next year's TCAM filing, for rates effective August 1, 2020.

18 **Q. What additional information is provided in this filing?**

19 A. To provide more comprehensive information regarding rate changes approved or proposed to
20 become effective on August 1, 2019, the Company is providing the following exhibits as part of
21 this filing:

- 22 • Attachment EAD-5: Comparison of Rates Effective August 1, 2018 and Proposed Rates for
23 Effect August 1, 2019 for Residential Service Rate R

1 • Attachment EAD-6: Comparison of Rates Effective February 1, 2019 and Proposed Rates for
2 Effect August 1, 2019 for Residential Service Rate R

3 • Attachment EAD-7: Impact of Each Change on Bills on Delivery Service and on Bills
4 Including Energy Service

5 Attachments EAD-5 and EAD-6 provide a comparison for Residential Rate R customers of rates and
6 bill impacts by rate component and on a total bill basis. Page 1 of Attachment EAD-7 provides
7 impacts of distribution, transmission and SCRC rate changes, by customer class, as a percentage of
8 total delivery service revenue. Page 2 of Attachment EAD-7 provides the combined impacts, by
9 customer class, of distribution, transmission, SCRC and Energy Service rate changes, as a percentage
10 of total revenue.

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

12 A. Yes, it does.