

**STATE OF NEW HAMPSHIRE
BEFORE THE PUBLIC UTILITIES COMMISSION**

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

**REQUEST FOR TRANSMISSION COST ADJUSTMENT
MECHANISM RATE CHANGE**

Docket No. DE 24-090

DIRECT TESTIMONY OF SCOTT R. ANDERSON

August 6, 2024

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

2 A. My name is Scott R. Anderson. I am employed by Eversource Energy Service
3 Company as the Manager of Rates in New Hampshire. In this position, I provide
4 support to Public Service Company of New Hampshire, d/b/a Eversource Energy
5 (“PSNH” or the “Company”). My business address is 780 North Commercial
6 Street, Manchester, New Hampshire.

7 **Q. What are your principal responsibilities in this position?**

8 A. As the Manager of Rates, I am responsible for activities related to rate design, cost
9 of service, and rates administration for the Company.

10 **Q. Mr. Anderson, please provide your educational and professional background.**

1 A. I received a Bachelor of Arts degree in mathematics from Hartwick College in 1986.
2 In September 1986, I began my utility career in Rates and Regulatory Affairs for
3 Central Vermont Public Service Corporation (“CVPS”) and rose to the position of
4 Manager of Rates. In 2012, CVPS merged with Green Mountain Power Corporation
5 (“GMP”), and I continued as Manager of Rates. In December 2022, I retired from
6 GMP and assumed my current position with Eversource Energy Service Company.

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

8 A. Yes. I have submitted testimony in several rate-related dockets during 2023 and
9 2024.

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

11 A. My testimony presents the proposed Transmission Cost Adjustment Mechanism
12 (“TCAM”) rates that the Company proposes to take effect October 1, 2024,
13 consistent with Commission Order No. 26,735 (November 28, 2022). The
14 proposed rates in my testimony and attachments are based on the TCAM revenue
15 requirement contained in the attachments to Ms. Chen’s and Mr. Mathews’
16 testimony.

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

19
20 A. Yes. The proposed rates and charges are included in Attachment SRA-1.

1 **Q. Please describe the TCAM pricing rate design in Attachment SRA-1.**

2 A. The rates have been calculated as required and approved by the Settlement
3 Agreement in the Company's most recent full base distribution rate case in Docket
4 No. DE 19-057. In general, other than Backup Delivery Service Rate B, the
5 Company adjusts all transmission rates by an equal percentage to achieve the
6 overall average transmission rate, in this case, 3.398 cents/kWh.

7
8 For Rate B, the Company continues to calculate rates consistent with the terms of
9 the Settlement Agreement in Docket No. DE 06-028, where transmission costs are
10 recovered through a demand charge, which splits the demand charge into two
11 components for rate calculation purposes: (i) a base component; and (ii) an
12 incremental component.¹ To calculate the base component, a portion of the
13 TCAM costs are allocated to Rate B based on the class contribution to the
14 Company's demands at the time of the corresponding monthly system
15 peaks. These costs are reconciled against actual revenue for the class, with any
16 resulting over- or under-recovery flowing into the rate calculation. The
17 incremental component of the rate is adjusted by the same percentage applied to all
18 other rate classes.

¹ For billing purposes, the two components are summed so only one demand charge appears on the bill, to prevent customer confusion.

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

3
4 A. Please refer to Attachment SRA-2. First, the ratio of average Rate B demands to
5 average total Company demands at the time of the corresponding monthly system
6 peaks was calculated. The calculation of that ratio is shown on Attachment SRA-
7 2, Page 2. The Rate B base component revenue requirement for the forecast period
8 was determined by multiplying the total TCAM revenue requirement for the
9 forecast period included in Ms. Chen's Attachment YC-1, Page 1, line 11 by the
10 ratio calculated in Attachment SRA-2, Page 2. The result is shown in Attachment
11 SRA-2, Page 1, line 18. The base component reconciliation from the prior period²
12 was then added to the base component forecasted revenue requirement to
13 determine the total revenue requirement (Attachment SRA-2, Page 1, line 22). The
14 Rate B base component rate was then determined by dividing the total base
15 component revenue requirement by the projected billing demand. As shown on
16 Attachment SRA-2 Page 1, line 26, that calculation produces a Rate B base
17 component rate of \$1.19 per kW or kVA per month.

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

19 A. The base component reconciliation calculation is shown on Attachment SRA-2,
20 Page 3, and was calculated by multiplying the estimated TCAM revenue
21 requirement for the twelve-month period October 2023 through September 2024

² The base component reconciliation on Attachment SRA-2, Page 1, line 20 has been modified as explained in the footnote on Attachment SRA-2, Page 5, line 26.

1 by the base component ratio for the same period. The base component
2 reconciliation for the prior period August 2022 through September 2023 was then
3 added to the base component revenue requirement. The result is shown in
4 Attachment SRA-2, Page 3, line 28. The estimated base component revenue for
5 the period October 2023 through September 2024 was then subtracted from the
6 total base component revenue requirement to determine the base component
7 reconciliation.

8 **Q. How did you forecast the data to perform the calculation described above?**

9 A. For the contribution to the monthly system peaks, historical data was used as a
10 proxy for what will occur in the prospective period. Rate B is back-up service and
11 is therefore unpredictable, so there is no reliable way to forecast the back-up needs
12 and contributions to the peak by Rate B customers with any certainty. The total
13 TCAM revenue requirement is based on the forecast provided in Ms. Chen's and
14 Mr. Mathews' testimony.

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

16 A. The transmission rate calculations were based on test year 2018 actual billing
17 determinants from the most recent full base rate case, Docket No. DE 19-057,
18 because those billing determinants are the basis of current transmission rates. The
19 forecasted TCAM rate of 3.398 cents/kWh provided in Attachment YC-1, Page 1,
20 line 13, was multiplied by test year 2018 MWh sales to produce the target

1 transmission revenue (Attachment SRA-3, Page 1, line 15). The Rate B base
2 component revenue shown on Attachment SRA-4 was then subtracted from the
3 target transmission revenue, which results in the amount to be recovered from all
4 other customers (Attachment SRA-3, Page 1, line 17). Revenue and the resulting
5 rates for all other customer classes were determined by adjusting all currently
6 effective rates by an equal percentage to result in the amount of revenue necessary
7 to recover the remaining transmission revenue requirement after Rate B had been
8 accounted for. The allocation of transmission revenue to non-Rate B classes under
9 this methodology is shown on Attachment SRA-3, lines 27 to 39. The resulting
10 26.3% change to transmission revenue was then applied to currently effective
11 transmission rates as shown on Attachment SRA-1.

12 **Q. Please describe the bill impacts for a Residential Rate R customer using 600**
13 **kWh per month.**

14
15 A. A Residential Rate R customer using 600 kWh per month will see a total bill
16 increase of \$4.67 per month attributable to the TCAM rate change. For all bill
17 impact depictions, please see Attachment SRA-7, Pages 1 and 2.

18 **Q. Do these calculations result in just and reasonable rates?**

19 A. Yes, they do.

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

21 A. Yes, it does.