

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

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
TRANSMISSION COST ADJUSTMENT MECHANISM**

PREPARED TESTIMONY OF

STEPHEN R. HALL

Docket No. DE 13-167

Exhibit 2

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

2 A. My name is Stephen R. Hall. My business address is PSNH Energy Park, 780 North
3 Commercial Street, Manchester, New Hampshire. I am Revenue Requirements Manager
4 for Public Service Company of New Hampshire ("PSNH").

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

6 A. Yes, I have testified on numerous occasions before the Commission over the past thirty
7 years on matters pertaining to energy cost recovery, stranded cost recovery, transmission
8 cost recovery, rate design, new service offerings, rate administration, and restructuring.

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

10 A. The purpose of my testimony is to propose transmission prices for effect July 1, 2013 under
11 the Transmission Cost Adjustment Mechanism (TCAM). My testimony proposes specific
12 rates and charges for transmission based on the transmission revenue requirement contained
13 in the attachments to Mr. Shelnitz's testimony.

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

15 A. Yes, we have. The proposed rates and charges are included in Attachment SRH-1.

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

3 A. The design of transmission prices was contained in the settlement agreement in Docket No.
4 DE 06-028. The settlement agreement describes the design of transmission pricing for
5 Backup Delivery Service Rate B specifically, and for all other rate classes in general. For
6 Rate B, the settlement agreement provides that transmission costs be recovered through a
7 demand charge, and it splits the demand charge into two components for rate calculation
8 purposes: a base component and an incremental component¹. The settlement agreement
9 describes the cost allocation for the base component, and it also states that other
10 transmission prices will be calculated through an equi-proportional adjustment.

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

13 A. First, the ratio of average Rate B demands to average total PSNH demands at the time of
14 the monthly NU system peaks was calculated. The calculation of that ratio is shown on
15 Page 2 of Attachment SRH-2. Once the ratio was calculated, the Rate B base component
16 revenue requirement for the forecast period was determined by multiplying the ratio by the
17 total transmission revenue requirement for the forecast period included in Mr. Shelnitz's
18 Attachment MLS-1. The Rate B base component forecasted revenue requirement is shown
19 on line 7 of Page 1 of Attachment SRH-2. The base component reconciliation from the
20 prior period was then added to the base component forecasted revenue requirement to
21 determine the total base component revenue requirement (line 11 of Page 1 of Attachment
22 SRH-2). The Rate B base component rate was then determined by dividing the total base
23 component revenue requirement by projected billing demand. As shown on Page 1 of
24 Attachment SRH-2, that calculation produces a Rate B base component rate of \$0.53 per
25 kW or kVA per month.

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

27 A. The base component reconciliation calculation is shown on Page 3 of Attachment SRH-2.
28 It was calculated by multiplying the prior period transmission revenue requirement by the
29 base component ratio for the prior period. The base component revenue for the prior period

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

1 was then subtracted from the base component revenue requirement to determine the base
2 component reconciliation (in this case, an over-recovery).
3

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

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

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

12 A. The transmission rate calculations were based on billing determinants for the 2009 test
13 year, as performed in Docket No. DE 09-035. On Attachment SRH-3, we multiplied the
14 forecasted TCAM rate provided in Mr. Shelnitz's attachment by test year MWH sales to
15 produce the target transmission revenue for the test year. From that test year revenue
16 requirement, we subtracted the Rate B base component revenue which was calculated based
17 on test year billing determinants on Attachment SRH-4. The result of this subtraction is the
18 amount to be recovered from all other customers. Revenue and the resulting rates and
19 charges were determined by proportionally adjusting all currently-effective revenue and
20 rates to the level necessary to recover the transmission revenue requirement net of the Rate
21 B base amount. The allocation of transmission revenue to class under this methodology is
22 shown on Attachment SRH-3.

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

24 A. Yes, it does.