

THE STATE OF NEW HAMPSHIRE
BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION
PREPARED TESTIMONY OF CHRISTOPHER J. GOULDING
REP RATE ADJUSTMENT EFFECTIVE JULY 1, 2015
2015 RELIABILITY ENHANCMENT PROGRAM RECONCILIATION RATE CHANGE
Docket No. DE 09-035

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
5 service to Public Service Company of New Hampshire d/b/a Eversource Energy
6 (“Eversource” or the “Company”).

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

8 A. Yes, I have.

9 **Q. Please describe your educational background.**

10 A. I graduated from Northeastern University in Boston, MA in 2000 with a Bachelor of
11 Science in Business Administration with a concentration in Accounting and from Boston
12 College in Chestnut Hill, MA in 2009 with a Master's in Business Administration.

13 **Q. Please describe your professional experience.**

14 A. Upon graduation from Northeastern University, I was hired by Eversource affiliate,
15 NSTAR Electric & Gas Company, and have held various positions in Accounting,

1 Corporate Finance and Regulatory with increasing responsibility through my current
2 position as Manager of New Hampshire Revenue Requirements.

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

4 A. I am currently responsible for the coordination and implementation of revenue
5 requirements calculations for Eversource, as well as the filings associated with
6 Eversource's Energy Service ("ES") rate, Stranded Cost Recovery Charge ("SCRC"),
7 Transmission Cost Adjustment Mechanism ("TCAM"), and Alternate Default Energy rate.

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

9 A. Consistent with Section D. Distribution Reliability Funding of the "2015 Public Service
10 Company of New Hampshire Restructuring and Rate Stabilization Agreement" (the
11 "Agreement") recently submitted to the Commission, the purpose of my testimony is to
12 provide a detailed overview of Eversource's request for a distribution rate adjustment to
13 reconcile and include in rates actual Reliability Enhancement Program ("REP") capital
14 additions from April 1, 2013 through March 31, 2015 and forecasted REP capital
15 additions from April 1, 2015 to June 30, 2016.

16 **Q. What is Eversource requesting in this filing?**

17 A. In this filing, Eversource is requesting that the Commission approve a REP related
18 distribution rate adjustment for all customers effective July 1, 2015. This adjustment, as
19 calculated today and consistent with the terms of Section D of the Agreement, results in
20 an average increase of 0.070¢/kWh to the current Distribution rates for effect from July
21 1, 2015 through June 30, 2016.

1 **Q. Please describe the components of the REP distribution rate adjustment and their**
2 **impact on this rate request.**

3 A. Since Eversource's last REP related step increase, which covered REP capital additions
4 through March 31, 2013, the Company has invested approximately \$40.3 million in new
5 REP capital as described in the testimony of Russel Johnson, which accompanies this
6 submission. Additionally, due to the continuation of the REP per the Agreement, and as
7 shown on the attached schedules, the Company plans to invest approximately \$39.5
8 million in REP capital from July 2015 to June 2016 along with an additional \$4.65 million
9 of reliability related operating and maintenance spending.

10 **Q. Please describe the detailed support for the calculation of the average REP**
11 **distribution rate adjustment provided in Attachment CJG-1.**

12 A. Attachment CJG-1, page 1, provides a summary of forecasted July 2015 to June 2016
13 operations and maintenance spending, return and the depreciation expense associated
14 with the actual and forecasted REP investments from April 1, 2013 through June 30,
15 2016. Pages 2 through 5 provide the REP capital additions by month as well as the
16 associated accumulated depreciation, and accumulated deferred income taxes along
17 with the return for the July 2015 to June 2016 period. Pages 6 through 9 provide the
18 calculation of the book depreciation for the REP capital additions taking into account the
19 month the additions occurred. Pages 10 through 13 calculate the tax depreciation by
20 investment year. In 2013 and 2014 there was federal bonus depreciation that has been
21 reflected in the calculation of tax depreciation. No federal bonus depreciation has been
22 included in the calculation of the tax depreciation for the 2015 and 2016 actual and
23 forecasted capital additions at this time. If a bonus depreciation law is enacted for 2015
24 and/or 2016, this impact will be reflected in the reconciliation filing in May 2016 as

1 identified in the Agreement. Page 14 calculates the accumulated deferred income taxes
2 used to reduce rate base on page 2, 3, 4 and 5. Page 15 calculates the rate of return
3 using Eversource's capital structure at the end of Quarter 1 2015.

4 **Q. Please describe how the forecasted Operations and Maintenance expense and**
5 **Capital investment have been included in Attachment CJG-1.**

6 A. The budgeted operations and maintenance expense of \$4.650 million for July 2015 to
7 June 2016 has been included as part of the revenue requirement calculation on Line 1 of
8 Page 1 of Attachment CJG-1. The budgeted capital spending of \$39.5 million (\$17.8
9 million from July 2015 to December 2015 and \$21.1 million from January 2016 to June
10 2016 have been included on Pages 4 and 5 of Attachment CJG-1. Additionally, the
11 Company has estimated capital additions of approximately \$300 thousand in May and
12 June 2015.

13 **Q. Please explain Attachment CJG-2?**

14 A. Attachment CJG-2 shows the proposed rates for effect July 1, 2015. The calculation
15 starts with the current rates effective January 1, 2015 and incorporates the removal of
16 the earnings sharing mechanism credit as shown in the Company's filing in DE 09-035
17 on May 29, 2015. These resulting rates were then adjusted by an equal percentage to
18 accomplish an overall REP distribution rate change of 0.070 cents/kWh.

19 **Q. Does Eversource require Commission approval of this rate by a specific date?**

20 A. Yes. Due to the number of rate components that will change, Eversource requests
21 approval of the proposed REP Distribution rate change by Friday, June 26, on at least a
22 temporary basis, to allow sufficient time to implement, test and bill the new rates on our

1 regular schedule and to avoid any delay in billing for service rendered as of July 1, 2015
2 (a Wednesday).

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

4 **A.** Yes, it does.