

THE STATE OF NEW HAMPSHIRE
BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION
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-XXX

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 testified before the Commission?**

8 A. Yes, I have.

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

10 A. I am responsible for the coordination and implementation of all Distribution revenue
11 requirements calculations for Eversource, as well as the filings associated with
12 Eversource’s Energy Service (“ES”) rate, Stranded Cost Recovery Charge (“SCRC”),
13 Transmission Cost Adjustment Mechanism (“TCAM”), and Alternate Default Energy
14 (“ADE”) rate.

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

16 A. The purpose of my testimony is: (1) to provide a detailed reconciliation of capital and
17 O&M expenses currently included in rates for the actual and forecasted Reliability
18 Enhancement Program (“REP”) investments for the timeframe of April 1, 2017 through

1 December 31, 2017; and (2) to seek approval of a 12-month continuation of the REP
2 covering the period from January 1, 2018 to December 31, 2018.

3 **Q. What is the overall average customer distribution rate change necessary to continue**
4 **delivering the benefits of the investments provided under the REP to Eversource's**
5 **customers?**

6 A. Under the proposal set forth by the Company in this filing to reconcile the current REP
7 investments, and the investments over the 12 months ending December 31, 2018,
8 Eversource is requesting an increase of \$0.021 cents/kWh to the current Distribution rates
9 for effect from February 1, 2018 through December 31, 2018 attributable to the REP
10 continuation.

11 **Q. What are the benefits that customers have been realizing due to the REP?**

12 A. The REP was initially developed as part of the settlement in the PSNH rate case in DE
13 06-028. Please refer to the testimony of Lee Lajoie and Brian Dickie for a detailed
14 description of the benefits that customers are realizing as a result of the REP.

15 **Q. Please describe the detailed support for the reconciliation of the REP investments**
16 **for actual and forecasted investments through December 31, 2017 and the revenue**
17 **requirement associated with the proposed investments for the 12 months ending**
18 **December 31, 2018.**

19 A. Submitted with my testimony are a series of attachments explaining the revenues and
20 expenses. Attachment CJG-1, page 1, provides a summary of the forecasted revenue
21 requirements associated with the January 1, 2018 to December 31, 2018 period, along
22 with the forecasted December 31, 2017 carryover amounts. The forecasted revenue
23 requirements include the operations and maintenance spending which includes funding
24 for the Troubleshooter organization and the Operations and Maintenance ("O&M")
25 portion of the REP capital investments, the depreciation expense and the return
26 associated with the actual and forecasted REP investments from January 1, 2018 through
27 December 31, 2018. Pages 2 and 3 provide a breakdown of the REP capital additions for

1 2017 and 2018 by month, as well as the associated accumulated depreciation, and
2 accumulated deferred income taxes, along with the return. Pages 4 and 5 provide the
3 calculation of the book depreciation for the REP capital additions taking into account the
4 month the additions were placed in service. Pages 7 through 11 calculate the tax
5 depreciation by investment year and incorporate the impact of bonus depreciation on the
6 respective year.

7 Page 12 provides the calculation for the accumulated deferred income taxes (“ADIT”)
8 due to the timing issue of the recognition of book depreciation versus tax depreciation.
9 The ADIT is used to reduce the rate base shown on pages 2 and 3 of Attachment CJG-1.
10 Page 13 provides the rate of return based on the Company’s current capital structure and
11 weighted average cost of debt, along with the allowed ROE per the Company’s last rate
12 case. Pages 14 and 15 provide the reconciliation of actual operations and maintenance
13 spending, depreciation expense, return associated with the actual REP investments for the
14 period July 2016 to June 2017 as and the actual and forecasted period of July 2017 to
15 December 2017 with the revenue level included in rates for the REP during those time
16 periods.

17 **Q. Please describe how the forecasted O&M expense and Capital investment have been**
18 **included in Attachment CJG-1.**

19 A. The O&M expense of \$2.350 million annually for January through December 2018 has
20 been included as part of the revenue requirement calculation on Page 1 of Attachment
21 CJG-1. The budgeted capital spending of \$9.0 million for January through December
22 2018 has been included in the calculations on Page 3 of Attachment CJG-1. The level of
23 O&M funding and capital investment resulted from discussions with the Staff and OCA
24 prior to this filing being made, consistent with the Order No. 26,034 issued in Docket No.
25 DE 17-076 on June 28, 2017.

1 **Q. Please describe what is presented in Attachment CJG-2.**

2 A. Page 1 and Page 2 of Attachment CJG-2 provides the REP investments placed in service
3 by program for the period July 2016 through June 2017 and July 2017 to October 2017
4 respectively. Additionally, detail on the accounts that the investments are charged to has
5 been identified under each program. Page 3 of Attachment CJG-2 provides the proposed
6 2018 REP budget for calendar year 2018 as well as a high-level description of the capital
7 program along with the funding request for the O&M portion of capital and the
8 Troubleshooter organization.

9 **Q. Has the Company provided additional information on the benefits of the**
10 **Troubleshooter organization in this filing?**

11 A. Yes. Additional information on the benefits for reliability of the Troubleshooter
12 organization has been provided in the testimony of Lee Lajoie and Brian Dickie.

13 **Q. Has the Company continued to include the Enhanced Tree Trimming (“ETT”) and**
14 **Hazard Tree Removal program as a capital investment in the REP?**

15 A. Yes, for now. ETT has been a capital expense of the company in New Hampshire for
16 nearly 20 years, and for about as long in Massachusetts and Connecticut. ETT both
17 extends the life of the conductors and improves their performance and is therefore
18 appropriately treated as a capital expense. Furthermore, a review of the general
19 accounting standards around similar activities, such as initial clearing to a right-of-way
20 border and related clearing of hazard/danger trees outside the border, supports treatment
21 of ETT as a capital expense item

22 Relative to REP, in 2006 when the initial REP was established for PSNH, it included
23 ETT as a capital expense and that treatment in the REP was approved by the Commission
24 in Order No. 24,750 (May 25, 2007) which approved a settlement agreement
25 implementing the REP.

1 In Docket No. DE 13-127, and following inquiry by Commission Staff in particular, the
2 Commission approved the reclassification of hazard tree removal from O&M to capital
3 along with the ETT in Order No. 25,534 (June 27, 2013) for essentially the same reasons
4 ETT is capitalized. Accordingly, ETT and hazard tree removal are included as capital
5 expenses for calendar year 2018.

6 **Q. Please explain Attachment CJG-3?**

7 A. Attachment CJG-3 shows, for each distribution rate charge in the Company's tariff, the
8 adjustment for the recovery requested in Docket No. DE 17-160 along with this proposed
9 REP adjustment and the impact on distribution rates.

10 **Q. Could you please explain how this proposal differs from the current program and**
11 **why?**

12 A. Yes. As noted previously, prior to making this filing, the Company engaged in
13 discussions with Staff and OCA over a period of months. As a result of those
14 discussions, the Company's 2018 proposal presents a "scaled back" program as compared
15 to the current REP. That is, the REP proposal has been refined to only a few categories
16 of capital and O&M items.

17 Also, the Company is proposing other changes that will impact the REP in the future.
18 Specifically, following on the discussions with the Staff and OCA, the Company is
19 proposing that that the capitalization of ETT and Hazard Tree Removal costs will cease
20 after 2018. While these costs may appropriately be treated as capital expenses for the
21 reasons stated above, Eversource understands that the treatment of similar costs by other
22 New Hampshire utilities is to include them as O&M expenses, rather than capital
23 expenses. Accordingly, Eversource is proposing that for 2018 ETT and Hazard Tree
24 Removal will remain as capital expenditures, but shall be moved to O&M expenditures
25 beginning in 2019. Calendar year 2018 will act as an accounting transition year for ETT
26 and Hazard Tree Removal vegetation management activities.

1 Also, based upon the discussions with the Staff and OCA, the Company is proposing
2 changes to the funding and accounting for Troubleshooters. As described in the
3 testimony of Lee Lajoie and Brian Dickie, the Company is proposing that in 2018 some
4 costs of the Troubleshooters will be assigned out of REP, and that funding for
5 Troubleshooters would no longer be included as part of the REP at all beyond December
6 31, 2018. With the adjustments to the scope of activities, the overall level of
7 investments, the changes in accounting for vegetation management and the end of the
8 inclusion of the Troubleshooters, Eversource understands that the proposed program is
9 one the Staff and OCA agree should be implemented in 2018.

10 **Q. Does Eversource require Commission approval of this proposal by a specific date?**

11 A. No. However, Eversource requests approval of the proposed continuation of the REP and
12 associated funding as soon as reasonably possible.

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

14 A. Yes, it does.