

**STATE OF NEW HAMPSHIRE**  
**BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION**  
**DIRECT TESTIMONY OF EDWARD A. DAVIS**  
**PETITION OF PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE**  
**d/b/a EVERSOURCE ENERGY**  
**REQUEST FOR TRANSMISSION COST ADJUSTMENT MECHANISM (TCAM)**  
**RATE CHANGE**

**June 20, 2022**

**Docket No. DE 22-034**

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

2 A. My name is Edward A. Davis. I am employed by Eversource Energy Service  
3 Company as the Director of Rates. My business address is 107 Selden Street,  
4 Berlin, Connecticut.

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

6 A. As the Director of Rates, I am responsible for activities related to rate design, cost  
7 of service and rates administration for Connecticut, Massachusetts and New  
8 Hampshire electric and gas subsidiaries of Eversource Energy, including Public  
9 Service Company of New Hampshire (“Eversource” or the “Company”).

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

11 A. Yes, I have.

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

2   A.     To propose transmission prices effective August 1, 2022 under the TCAM and the  
3           specific rates and charges for transmission based on the TCAM revenue  
4           requirement contained in the attachments to Ms. Paruta's and Mr. Mathews'  
5           testimony.

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

8   A.     Yes. The proposed rates and charges are included in Attachment EAD-1.

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

10  A.     The rates have been calculated as required and approved by the Settlement  
11          Agreement in the Company's recent base distribution rate case in Docket No. DE  
12          19-057. In general, other than Backup Delivery Service Rate B, the Company  
13          adjusts all transmission rates by an equal percentage to achieve the overall average  
14          transmission rate, in this case, 2.179 cents/kWh.

15

16          For Rate B, the Company continues to calculate rates consistent with the terms of  
17          the Settlement Agreement in Docket No. DE 06-028, where transmission costs are  
18          recovered through a demand charge, which splits into two components for rate  
19          calculation purposes: (i) a base component and (ii) an incremental component. To  
20          calculate the base component, a portion of the TCAM costs are allocated to Rate B

1 based on the class contribution to the Company's demands at the time of the  
2 corresponding monthly system peaks. These costs are reconciled against actual  
3 revenue for the class, with any resulting over- or under-recovery flowing into the  
4 rate calculation. The incremental component of the rate is adjusted by the same  
5 percentage applied to all other rates.

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

8 A. Please refer to Attachment EAD-2. First, the ratio of average Rate B demands to  
9 average total Company demands at the time of the corresponding monthly system  
10 peaks was calculated. The calculation of that ratio is shown on Attachment EAD-  
11 2, Page 2. The Rate B base component revenue requirement for the forecast period  
12 was determined by multiplying the total TCAM revenue requirement for the  
13 forecast period provided in Ms. Paruta's testimony (see Attachment MBP-1, Page  
14 1, line 16) by this ratio (see Attachment EAD-2, Page 2, lines 12-18). The base  
15 component reconciliation from the prior period was then added to the base  
16 component forecasted revenue requirement to determine the total revenue  
17 requirement, and the base component rates ). The total base component revenue  
18 requirement was then divided by the projected billing demand to produce a Rate B  
19 base component rate of \$2.64 per kW or kVA (see Attachment EAD-2, Page 1,  
20 lines 20-26).

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

2    A.    The base component reconciliation calculation is shown on Attachment EAD-2,  
3       Page 3 and was calculated by multiplying the estimated TCAM revenue  
4       requirement for the twelve-month period August 2021 through July 2022 by the  
5       base component ratio for the same period. The base component reconciliation for  
6       the prior period August 2020 through July 2021 was then added to the base  
7       component revenue requirement. The result is shown in Attachment EAD-2, Page  
8       2, line 28. The estimated base component revenue for the period August 2021  
9       through July 2022 was then subtracted from the total base component revenue  
10      requirement to determine the base component reconciliation (in this case, an  
11      under-recovery of \$2,400,697).

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

13   A.    For the contribution to the monthly system peaks, historical data was used as a  
14      proxy for what will occur in the prospective period because there is no reliable  
15      way to forecast Rate B contributions to peak load. The projected billing demand  
16      for Rate B was based on actual historical data, with adjustments that could  
17      reasonably be anticipated. The total TCAM revenue requirement is based on the  
18      forecast provided in Ms. Paruta's and Mr. Mathews' testimony.

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

2    A.    Please refer to Attachment EAD-3. The transmission rate calculations were based  
3       on 2018 actual billing determinants. The forecasted TCAM rate of 2.179  
4       cents/kWh provided by Ms. Paruta (see Attachment MBP-1, Page 1, line 13) was  
5       multiplied by 2018 MWh sales to produce the target transmission revenue  
6       (Attachment EAD-3, line 15). The Rate B base component revenue shown on  
7       Attachment EAD-4 was then subtracted from the target transmission revenue  
8       which results in the amount to be recovered from all other customers (Attachment  
9       EAD-3, line 17). Revenue and the resulting rates and charges for all other  
10      customer classes were determined by adjusting all currently-effective revenue and  
11      rates by an equal percentage to result in the amount necessary to recover the  
12      transmission revenue requirement net of the Rate B base amount. The allocation  
13      of transmission revenue to class under this methodology is shown on Attachment  
14      EAD-3, lines 27 to 39.

15   **Q.    Please describe the bill impacts for a Residential customer using 600 kWh per**  
16    **month.**

17    A.    Referring to Attachment EAD-6, a Residential customer using 600 kWh per  
18      month will see a total bill decrease compared with current rates of \$4.12 per month  
19      for the transmission component of service if the customer is taking Default Energy  
20      Service from Eversource. This impact assumes no other rate changes. If the

1 Commission approves the Company's TCAM proposal, Stranded Cost Recovery  
2 Charge, Regulatory Reconciliation Adjustment, Step 3 Distribution Adjustment  
3 and Energy Service as filed the impact to a Residential customer using 600 kWh  
4 per month would be a total bill decrease of \$3.76 per month for delivery service  
5 only, and overall increase of \$67.63 inclusive of Energy Service.

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

7 A. Yes, it does.