

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

August 4, 2023

Docket No. DE 23-070

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.**

11 A. I received a Bachelor of Arts degree in mathematics from Hartwick College in 1986.
12 In September 1986, I began my utility career in Rates and Regulatory Affairs for

1 Central Vermont Public Service Corporation (“CVPS”) and rose to the position of
2 Manager of Rates. In 2012, CVPS merged with Green Mountain Power Corporation
3 (“GMP”) and I continued as Manager of Rates. In December 2022, I retired from
4 GMP and assumed my current position with Eversource Energy Service Company.

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

6 A. I recently submitted testimony and attachments in the Company’s RRA filing in
7 Docket No. 23-021 and Energy Service filing in Docket No. DE 23-043.

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

9 A. My testimony presents the proposed Transmission Cost Adjustment Mechanism
10 (“TCAM”) rates that the Company proposes to take effect October 1, 2023,
11 consistent with Commission Order No. 26,735 (November 28, 2022). The
12 proposed rates in my testimony and attachments are based on the TCAM revenue
13 requirement contained in the attachments to Ms. Paruta’s and Mr. Mathews’
14 testimony.

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

17 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 recent base distribution rate case in Docket No. DE
4 19-057. In general, other than Backup Delivery Service Rate B, the Company
5 adjusts all transmission rates by an equal percentage to achieve the overall average
6 transmission rate, in this case, 2.701 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 A. Please refer to Attachment SRA-2. First, the ratio of average Rate B demands to
4 average total Company demands at the time of the corresponding monthly system
5 peaks was calculated. The calculation of that ratio is shown on Attachment SRA-
6 2, Page 2. The Rate B base component revenue requirement for the forecast period
7 was determined by multiplying the total TCAM revenue requirement for the
8 forecast period included in Ms. Paruta's Attachment MBP-1, Page 1, line 11 by the
9 ratio calculated in Attachment SRA-2, Page 2. The result is shown in Attachment
10 SRA-2, Page 1, line 18. The base component reconciliation from the prior period
11 was then added to the base component forecasted revenue requirement to
12 determine the total revenue requirement (Attachment SRA-2, Page 1, line 22). The
13 Rate B base component rate was then determined by dividing the total base
14 component revenue requirement by the projected billing demand. As shown on
15 Attachment SRA-2 Page 1, line 26, that calculation produces a Rate B base
16 component rate of \$2.43 per kW or kVA per month.

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

18 A. The base component reconciliation calculation is shown on Attachment SRA-2,
19 Page 3 and was calculated by multiplying the estimated TCAM revenue
20 requirement for the fourteen-month period August 2022 through September 2023
21 by the base component ratio for the same period. The base component

1 reconciliation for the prior period August 2021 through July 2022 was then added
2 to the base component revenue requirement. The result is shown in Attachment
3 SRA-2, Page 3, line 28. The estimated base component revenue for the period
4 August 2022 through September 2023 was then subtracted from the total base
5 component revenue requirement to determine the base component reconciliation
6 (in this case, an under-recovery of \$1,750,504).

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

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

14 **Q. How did you calculate all other Transmission rates and charges?**

15 A. The transmission rate calculations were based on test year 2018 actual billing
16 determinants from the base rate case (Docket No. DE 19-057) because those
17 billing determinants are the basis of current transmission rates. The forecasted
18 TCAM rate of 2.701 cents/kWh provided in Attachment MBP-1, Page 1, line 13
19 was multiplied by test year 2018 MWh sales to produce the target transmission
20 revenue (Attachment SRA-3, line 15). The Rate B base component revenue shown

1 on Attachment SRA-4 was then subtracted from the target transmission revenue
2 which results in the amount to be recovered from all other customers (Attachment
3 SRA-3, line 17). Revenue and the resulting rates for all other customer classes
4 were determined by adjusting all currently effective rates by an equal percentage to
5 result in the amount of revenue necessary to recover the remaining transmission
6 revenue requirement after Rate B has already been accounted for. The allocation
7 of transmission revenue to non-Rate B classes under this methodology is shown on
8 Attachment SRA-3, lines 27 to 39. The resulting 25.6% change to transmission
9 revenue was then applied to currently effective transmission rates as shown on
10 Attachment SRA-1.

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

13 A. A Residential customer using 600 kWh per month will see a total bill increase of
14 \$3.63 per month attributable to the Transmission rate change. For all bill impact
15 depictions, please see Attachment SRA-7 pages 1 and 2.

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

17 A. Yes they do.

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

19 A. Yes, it does.