

THE STATE OF NEW HAMPSHIRE
BEFORE THE PUBLIC UTILITIES COMMISSION
PREPARED TESTIMONY OF CHRISTOPHER J. GOULDING
NH PUC ASSESSMENTS

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 Street,
3 Manchester, NH. I am employed by Northeast Utilities Service Company (NUSCO) as the
4 Manager, Revenue Requirements – PSNH. NUSCO provides centralized services to the
5 Northeast Utilities (NU) operating subsidiaries Public Service Company of New Hampshire
6 (PSNH), The Connecticut Light and Power Company, Yankee Gas Services Company, Western
7 Massachusetts Electric Company, NSTAR Electric Company and NSTAR Gas Company.

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

9 A. Yes, on numerous occasions.

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

11 A. Upon graduation from Northeastern University, I was hired by NSTAR Electric & Gas Company
12 (now NUSCO) and have held various positions in Accounting, Corporate Finance and Regulatory
13 with increasing responsibility through my current position as Manager of Revenue Requirements
14 for PSNH.

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

16 A. I am currently responsible for the coordination and implementation of revenue requirements
17 calculations for PSNH, as well as the filings associated with PSNH's Energy Service charge, the

1 Stranded Cost Recovery charge, the Transmission Cost Adjustment Mechanism, and the
2 Alternate Default Energy Rate.

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

4 A. The purpose of my testimony is to adjust PSNH's distribution rate to address the impacts of
5 Senate Bill 324 which was passed by the General Court and signed by Governor Hassan and
6 became effective July 1, 2014. The bill amended RSA chapter 363-A and, among other things,
7 shifted the manner in which utilities are assessed to cover the expenses of the New Hampshire
8 Public Utilities Commission ("Commission"). In addition to changing the manner of the
9 assessment, the bill also establishes a new section, RSA 363-A:6, which changes the manner by
10 which public utilities are to recover their annual assessment costs from customers. Specifically,
11 the law states:

12 Assessment amounts determined with reference to the revenues of
13 competitive electric power suppliers and all assessments against
14 regulated electric distribution utilities and electric cooperatives for which
15 a certificate of deregulation is on file with the commission shall be
16 collected from electric customers through the distribution rates of the
17 respective electric distribution utility or rural electric cooperative for
18 which a certificate of deregulation is on file with the commission;
19 provided that an amount equal to the amount assessed directly to a
20 competitive electric power supplier under RSA 363-A:2, III shall be
21 collected from the energy service or default service customers of each
22 electric distribution utility or rural electric cooperative for which a
23 certificate of deregulation is on file with the commission.

24 RSA 363-A:6, I. The law further provides that the Commission "shall by order establish rate
25 recovery mechanisms" for recovering the assessed amounts, and that such mechanisms "shall
26 adjust annually to recover any change in a utility's annual assessment." RSA 363-A:6, III. This
27 testimony describes the changes to PSNH's assessment costs and a proposal by PSNH as to the
28 rate recovery mechanism the Company intends to use to recover those costs from customers.

1 **Q. Please describe the changes to PSNH's utility assessment recovery.**

2 A. Currently, a portion of the assessment is recovered through distribution and transmission rates,
3 with the rest being recovered through PSNH's default energy service rate. With the changes to
4 RSA chapter 363-A, all of PSNH's assessment will now be recovered through the PSNH's
5 distribution rate, except an amount equal to the amount assessed directly to a competitive electric
6 supplier under RSA 363-A:2, III (\$10,000), which is to be collected from default energy service
7 customers.

8 In consultation with other New Hampshire utilities, PSNH participated in the development of a
9 proposed method to implement the necessary changes. Under that proposed method, as it applies
10 to PSNH, PSNH identified a current level of assessment cost in its base distribution rates and has
11 determined that to be a fixed base amount against which any change in PSNH's annual
12 assessment may be identified. In this way, the amount of the assessment already included in
13 PSNH's distribution rates would not be double counted. The balance of the assessment (plus or
14 minus) will be removed from the transmission and energy service rates and will flow through to
15 all distribution customers via an annual distribution rate adjustment. PSNH notes that the
16 amounts previously included in PSNH's energy service rates have already been removed from the
17 proposed rate calculation under consideration by the Commission in Docket No. DE. 14-235.
18 The amounts in PSNH's transmission rates will be removed and reconciled at the time of PSNH's
19 next TCAM adjustment in mid-2015.

20 **Q. To make this change, is PSNH requesting a distribution rate adjustment for January 1,**
21 **2015?**

22 A. Yes. PSNH is requesting an average distribution rate change of 0.039 cents per kWh. Since
23 PSNH's last rate case was decided more than 12 months ago, PSNH proposes to use the FY 2014

1 assessment amount allocated to distribution of \$1,017,157 ($\$3,413,278 \times 29.8\%$) for the period
2 July 2013 to June 2014 as the baseline to offset against the FY 2015 Assessment. Please refer to
3 Attachment CJG-1 for a copy of the calculation and Attachments CJG-2 and CJG-3 for the copy
4 of the FY 2014 Assessment and FY 2015 Assessment, respectively. In that PSNH does not have
5 a reconciling mechanism within its base distribution rates (other than the SCRC, which does not
6 appear to permit these types of costs), the adjustment must be to PSNH's base distribution rates.
7 Following the change, PSNH will charge its Energy Service customers a total of \$10,000
8 consistent with RSA 363-A:6, I.

9 **Q. Is PSNH proposing a separate tracking mechanism for the assessment at this time?**

10 A. Not at this time. In that the assessment recovery mechanism is to be adjusted annually, it would
11 likely make sense to establish a reconciling mechanism that would address these costs without
12 requiring adjustments to PSNH's base distribution rates. PSNH may propose to establish a
13 separate reconciling mechanism for assessment costs, or other appropriate costs, as part of its next
14 distribution rate case. At this time, however, for administrative ease PSNH is proposing only to
15 amend its base distribution rates.

16 **Q. Does PSNH require Commission approval of this rate by a specific date?**

17 A. Yes, PSNH would need final approval of the change to distribution rates by December 29, 2014,
18 in order to implement the new rate for service rendered on and after January 1, 2015.

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

20 A. Yes, it does.