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**STATE OF NEW HAMPSHIRE**  
**PUBLIC UTILITIES COMMISSION**

**June 23, 2016 - 10:51 a.m.**  
Concord, New Hampshire

NHPUC JUL06'16 AM10:23

**RE: DE 16-566**  
**EVERSOURCE ENERGY:**  
**2016 Transmission Cost Adjustment**  
**Mechanism.**

**PRESENT:** Chairman Martin P. Honigberg, Presiding  
Commissioner Robert R. Scott  
Commissioner Kathryn M. Bailey

Sandy Deno, Clerk

**APPEARANCES: Reptg. Eversource Energy:**  
Matthew J. Fossum, Esq.

**Reptg. Residential Ratepayers:**  
Donald M. Kreis, Esq., Consumer Adv.  
James Brennan, Finance Director  
Office of Consumer Advocate

**Reptg. PUC Staff:**  
Suzanne G. Amidon, Esq.  
Richard Chagnon, Electric Division

Court Reporter: Steven E. Patnaude, LCR No. 52



 **ORIGINAL**

I N D E X

PAGE NO.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
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**WITNESS PANEL:**

**LOIS B. JONES**  
**DAVID F. BIDMEAD**

Direct examination by Mr. Fossum	6
Cross-examination by Mr. Kreis	11
Cross-examination by Ms. Amidon	20
Interrogatories by Cmsr. Scott	24
Interrogatories by Cmsr. Bailey	26

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**CLOSING STATEMENTS BY:**

Mr. Kreis	28
Ms. Amidon	29
Mr. Fossum	30



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**E X H I B I T S**

<b>EXHIBIT NO.</b>	<b>D E S C R I P T I O N</b>	<b>PAGE NO.</b>
1	Testimony of David F. Bidmead, with attachments, and the Testimony of Lois B. Jones, with attachments	5
2	Comparison of Current and Proposed Residential Rate R and Calculation of a 625 kWh Monthly Bill by Rate Component	5
3	Rate Changes Proposed for Effect on July 1, 2016	5

## P R O C E E D I N G

1  
2 CHAIRMAN HONIGBERG: We are here for  
3 the third hearing of the morning. This is in  
4 Docket DE 16-566, which is a filing by Public  
5 Service Company of New Hampshire, which does  
6 business as Eversource Energy, to change its  
7 Transmission Cost Adjustment Mechanism rate.

8 And, before we go any further, let's  
9 take appearances.

10 MR. FOSSUM: Good morning,  
11 Commissioners. Matthew Fossum, for Public  
12 Service Company of New Hampshire doing business  
13 as Eversource Energy.

14 MR. KREIS: Good morning. I'm  
15 Consumer Advocate Donald Kreis, here on behalf  
16 of residential utility customers.

17 MS. AMIDON: Good morning. Suzanne  
18 Amidon, for Commission Staff.

19 CHAIRMAN HONIGBERG: All right.  
20 Mr. Fossum, how are we proceeding with this  
21 one?

22 MR. FOSSUM: We have -- the Company  
23 has two witnesses that it would propose to  
24 testify this morning. And I guess I could ask

1           them to take place on the stand. We also have  
2           a few exhibits that we have premarked this  
3           morning, which I can describe while they're  
4           taking their seats.

5                         And, so, for the exhibits, on June 17  
6           of this year, the Company made a filing in this  
7           docket, which has been premarked as "Exhibit  
8           1". And, then, there will be two other  
9           exhibits. They have been introduced as  
10          exhibits in other hearings that have been held  
11          today, in Dockets 15-415 and 15-416. Just for  
12          ease of cross reference, the document that was  
13          in Docket DE 15-415, PSNH's proposed Energy  
14          Service rate, the document that was marked in  
15          that docket as "Exhibit 7", a calculation of a  
16          residential -- of various residential rate  
17          components, that will be "Exhibit 2" in this  
18          docket. And what was marked in DE 15-415 as  
19          "Exhibit 8", the "Impact of Changes on Delivery  
20          Service Bills", will be, in this docket, marked  
21          "Exhibit 3".

22                         (The documents, as described,  
23                         were herewith marked as

24                                 **Exhibit 1, Exhibit 2, and**

[WITNESS: Jones~Bidmead]

1                   **Exhibit 3**, respectively, for  
2                   identification.)

3                   CHAIRMAN HONIGBERG: Mr. Patnaude.

4                   (Whereupon **Lois B. Jones** and  
5                   **David F. Bidmead** were duly sworn  
6                   by the Court Reporter.)

7                   **LOIS B. JONES, SWORN**

8                   **DAVID F. BIDMEAD, SWORN**

9                   **DIRECT EXAMINATION**

10                  BY MR. FOSSUM:

11                  Q.    Good morning. Mr. Bidmead, could you state  
12                    your name, your place of employment, and your  
13                    responsibilities for the record in this  
14                    proceeding please.

15                  A.    (Bidmead) My name is David Bidmead. My  
16                    business address is 107 Selden Street, Berlin,  
17                    Connecticut. I work for Eversource Energy  
18                    Service Company as a Senior Revenue  
19                    Requirements Analyst for New Hampshire. My  
20                    primary responsibilities are calculating rate  
21                    and reconciliation filings associated with the  
22                    Energy Service, Stranded Cost Recovery Charge,  
23                    and the Transmission Cost Adjustment Mechanism.

24                  Q.    And, Mr. Bidmead, just an extra question, I

[WITNESS: Jones~Bidmead]

1 guess, for you. You've not testified before  
2 this Commission previously, is that true?

3 A. (Bidmead) No.

4 Q. Have you testified -- your testimony sets out  
5 your education, qualifications, is that  
6 correct?

7 A. (Bidmead) Yes.

8 Q. But this is the first time that you've ever  
9 offered testimony in New Hampshire?

10 A. (Bidmead) Yes.

11 Q. And, Ms. Jones, could you also state your name,  
12 your place of employment, and your  
13 responsibilities for the record please.

14 A. (Jones) Yes. My name is Lois Jones. I work  
15 for Eversource Energy. I'm the Team Leader of  
16 the New Hampshire Rates Department. And my  
17 responsibilities include the Company's rate  
18 design and administration of its delivery  
19 service tariff.

20 Q. And, Mr. Bidmead, back on June 17th, did you  
21 submit testimony and attachments in this docket  
22 as part of what has been premarked as "Exhibit  
23 1"?

24 A. (Bidmead) Yes.

{DE 16-566} {06-23-16}

[WITNESS: Jones~Bidmead]

1 Q. And is that testimony, was that prepared by you  
2 or at your direction?

3 A. (Bidmead) Yes.

4 Q. And do you have any changes or updates to that  
5 testimony this morning?

6 A. (Bidmead) No.

7 Q. And, Ms. Jones, did you also submit testimony  
8 back on June 17th as part of what has been  
9 premarked as "Exhibit 1"?

10 A. (Jones) Yes.

11 Q. And was that testimony prepared by you or at  
12 your direction?

13 A. (Jones) It was.

14 Q. And do you have any changes or updates to that  
15 testimony today?

16 A. (Jones) No.

17 Q. I guess, since we're looking at a rate  
18 question, I guess this is for Ms. Jones. If  
19 you could just, at a very high level, explain  
20 what it is that the Company is proposing in  
21 this filing?

22 A. (Jones) The Company is proposing an increase in  
23 its average TCAM rate, from the current rate of  
24 1.785 cents per kilowatt-hour, to an overall

[WITNESS: Jones~Bidmead]

1 rate of 2.193 cents per kilowatt-hour. And it  
2 is proposing to adjust all of its transmission  
3 rates and charges in accordance with the  
4 Settlement Agreement in the Company's 2006 rate  
5 case.

6 Q. If you could turn to what has been premarked  
7 for this hearing as "Exhibit 2". Ms. Jones,  
8 did you participate in the development of what  
9 has been premarked as "Exhibit 2"?

10 A. (Jones) Yes, I did.

11 Q. And could you explain what that document is  
12 showing, and, in particular, with respect to  
13 the Transmission Charge that is the subject of  
14 this proceeding.

15 A. (Jones) Yes. This is a comparison of our  
16 current and proposed rates for our Residential  
17 Service Rate R, and it also shows the  
18 calculation of a 625 kilowatt-hour typical  
19 bill, and the impact of each of the proposed  
20 changes on that bill.

21 So, in Column 2, on the top half of the  
22 page, you can see the change in the charge per  
23 kilowatt-hour for transmission for this rate  
24 schedule. And, then, down below, the impact of

[WITNESS: Jones~Bidmead]

1 the change on the transmission portion of this  
2 customer's bill would be an increase of \$2.71  
3 per month, and that's a 2.3 percent increase as  
4 a percent of the total bill.

5 Q. And, turning now to what has been premarked as  
6 "Exhibit 3", did you also participate in the  
7 development of what has been premarked as  
8 "Exhibit 3"?

9 A. (Jones) Yes, I did.

10 Q. And could you explain what it is that is shown  
11 on Exhibit 3, and, in particular, with respect  
12 to the Transmission Charge that is the subject  
13 of this proceeding.

14 A. (Jones) Yes. On the page that is labeled  
15 "Impact of Each Change on Delivery Service  
16 Bills", this shows that, on average, for all  
17 retail customers, the change in the  
18 transmission rate will represent a 6.2 percent  
19 increase in delivery bills. And the impacts  
20 will vary class by class, depending on the  
21 relative importance of transmission in the  
22 overall bill for each class.

23 On the following page, the impact of each  
24 change on bills, including Energy Service. It

[WITNESS: Jones~Bidmead]

1 shows that, on a retail average, the  
2 transmission change would increase these bills  
3 by 2.5 percent.

4 Q. And just to round it out, what is -- is what is  
5 shown on the second page of Exhibit 3 for the  
6 Residential class, are those the same  
7 percentages that are shown over on Exhibit 2?

8 A. (Jones) Yes, they are.

9 MR. FOSSUM: And I suppose that is  
10 all I would have for direct.

11 CHAIRMAN HONIGBERG: Mr. Kreis.

12 MR. KREIS: Thank you, Mr. Chairman.  
13 A hardy welcome to Mr. Bidmead. Please excuse  
14 me for shooting the messenger.

15 **CROSS-EXAMINATION**

16 BY MR. KREIS:

17 Q. Looking at Exhibit 1, on Page number 6 of that  
18 exhibit, you mention four complaints that have  
19 been filed with the FERC since 2011, about  
20 allegedly excessive base ROE, return on equity,  
21 that has been, I would say, enriching  
22 transmission owners, including Eversource, at  
23 the expense of customers. You mention that the  
24 base ROE of 11.14 was knocked down from that

[WITNESS: Jones~Bidmead]

1 figure to 10.57, and that no incentive adders  
2 should be -- the determination was that no  
3 incentive adders should exceed 11.74 percent.  
4 Complaint 1 applied to October 2011 to December  
5 2012, the ensuing three complaints apply to  
6 successive 15-month periods.

7 First of all, how much in a way of a  
8 refund was included in the 2015 reconciliation  
9 related to that determination on Complaint 1?

10 A. (Bidmead) So, for the reconciliation period  
11 through June of -- I'm sorry, just one more  
12 second. For RNS, it was 4.3 million, and  
13 through LNS, about 600,000.

14 Q. Why is the number bigger for RNS than LNS?  
15 Scrap that. Do you -- well, with regard to the  
16 ensuing three complaints, what does Eversource  
17 foresee with respect to those remaining three  
18 proceedings?

19 A. (Bidmead) Dollarwise or --

20 Q. I'm just wondering whether you, given that  
21 Complaint 1 appears to have been somewhat  
22 successful, do you foresee that Complaints 2,  
23 3, and 4 will be successful?

24 MR. FOSSUM: I would object to that

[WITNESS: Jones~Bidmead]

1 question. I don't know that Mr. Bidmead is  
2 somebody who should be speculating on the  
3 output of future litigation.

4 You know, we're here to -- I mean,  
5 we've got a rate that's proposed here that he's  
6 calculated. What may happen in the future in  
7 FERC-based litigation, I don't know that any of  
8 us know that just yet.

9 MR. KREIS: Fair enough. I withdraw  
10 the question.

11 BY MR. KREIS:

12 Q. Is Eversource earning any incentive adders at  
13 that 11.74 percent?

14 A. (Bidmead) I was provided a list of projects  
15 that have 11.74 percent from the Transmission  
16 Group. But I'll be honest with you, I don't  
17 know if they were our projects or not. But I  
18 can read them off to you, but I don't know for  
19 sure whether they're ours or not.

20 Q. Okay. Well, if you don't know, then I think  
21 we'll move on, because I don't want you to  
22 guess or speculate.

23 Looking at Attachment DFB-1, which is  
24 Bates Page 010, is it fair to say that the

[WITNESS: Jones~Bidmead]

1 biggest increase in dollar terms here with  
2 regard to the transmission, the TCAM, is in RNS  
3 rates, but, in terms of magnitude of increase,  
4 the biggest jump is in the LNS rate, from 6.2  
5 to 12.9 million?

6 A. (Bidmead) Percentagewise, I'd agree with that.

7 Q. Yes. And, I guess to be fair or to be more  
8 accurate, that really is evident on Page 1a,  
9 which is the following page. So, given that  
10 that increase in LNS is -- really looks to be  
11 more than double, what accounts for that? It  
12 seems out of proportion to the overall increase  
13 in transmission costs that Eversource is  
14 experiencing.

15 A. (Bidmead) Okay. And I'll even add that LNS is  
16 also a large part of the prior year under  
17 recovery also. So, I'll try to tell one story  
18 that might cover one and a half answers,  
19 perhaps. But the way that it's explained to  
20 me, with the FERC-approved tariff, you have an  
21 RNS portion, which is all the -- all the  
22 transmission owners in New England give their  
23 revenue requirements for the PTFs. On the LNS  
24 side, you take the Eversource system, which is

[WITNESS: Jones~Bidmead]

1 Connecticut Light & Power, Western Mass.  
2 Electric, and Public Service Company of New  
3 Hampshire, the total transmission revenue  
4 requirements, subtract out revenues from all  
5 other sources, which would include RNS  
6 revenues, and then other revenues also, and the  
7 remainder would get you to your LNS revenue  
8 requirement. And, then, through the tariff,  
9 that's how they calculated these charges.

10 Now, that being said, for the LNS  
11 calculation, in the prior year, the RNS service  
12 credits that were forecasted was too -- the  
13 revenue was too high, it was forecasted too  
14 high. So, it made the LNS expense too low.  
15 And, that's what we see when you compare the  
16 forecast from the prior year to the forecast of  
17 the current year, it appears to be a large  
18 jump.

19 Now, the reason -- the portion that is in  
20 the prior year under recovery is almost the  
21 same, in that the actuals that were booked were  
22 too low, and then, when all was said and done  
23 with the actuals in the reconciliation process,  
24 we end up with the \$5.9 million was under

[WITNESS: Jones~Bidmead]

1 recovered in the prior year due to LNS.

2 Q. So, if I understood your answer correctly, the  
3 problem was forecasting errors?

4 A. (Bidmead) Yes.

5 Q. Or, not -- I don't know if we can call them  
6 "forecasting errors", but failure of the  
7 forecast to be as accurate --

8 A. (Bidmead) The forecast was not accurate.

9 Q. Is there anything that you can do to improve  
10 that forecast? Or is there a reason why you  
11 think those forecasts were erroneous --

12 A. (Bidmead) Yes.

13 Q. -- or less accurate than we would have hoped?

14 A. (Bidmead) Yes. Again, this is my understanding  
15 from the Transmission Group, that the forecast  
16 of the RNS revenue credits for the Eversource  
17 system, the three companies I mentioned, is  
18 based on coincident peak on their system. And  
19 it's been explained to me that it's nearly  
20 impossible to forecast a peak from the prior  
21 year and hope -- and then see that it comes in,  
22 it could go anywhere, it's so volatile from  
23 year to year what the peaks are.

24 And, so, there's much -- it can vary from

[WITNESS: Jones~Bidmead]

1 period to period. And, so, the peak -- the RNS  
2 peak -- I'm sorry, the RNS load ended up being  
3 much lower than forecasted in the prior year.

4 Q. And, just so it's clear, these rates and how  
5 they apply to both the RNS service and the LNS  
6 service, these are FERC-approved rates. And,  
7 so, the Commission here has no authority to  
8 investigate the justness and reasonableness of  
9 the rates or the reasonableness of any of these  
10 cost allocations or anything like that. Would  
11 that be a fair statement?

12 A. (Bidmead) Not that I'm aware of.

13 Q. So, with respect to the forecasting, though,  
14 could the Commission or should the Commission  
15 be concerned about the way Eversource is  
16 forecasting how these transmission rates are  
17 going to play out as compared to the way they  
18 actually do?

19 A. (Bidmead) Well, in the big picture, again, the  
20 way I understand it is, you have transmission  
21 revenue requirements and they're all there.  
22 So, they're going to be recovered altogether,  
23 whether it's through the RNS or the LNS, it's  
24 going to be recovered. So, there's going to be

[WITNESS: Jones~Bidmead]

1 a true-up process to make it whole. If it's  
2 not recovered in the RNS, it will get recovered  
3 through the LNS. If the RNS is higher, the LNS  
4 will be lower.

5 Q. But that's true from the Company's standpoint.  
6 But, from a New Hampshire ratepayer standpoint,  
7 the more expenses we can get into RNS, the  
8 better off we are, because we share, you can  
9 tell me if I'm incorrect, we share the LNS  
10 costs with Eversource's other affiliates,  
11 whereas RNS rates reflect transmission costs  
12 that are socialized all across New England,  
13 true?

14 A. (Bidmead) I'm sorry, could you say it one more  
15 time? Sorry.

16 Q. Well, you said, your testimony was, and I think  
17 it's sort of a Company perspective, that you're  
18 going to recover your transmission costs as a  
19 company through federally approved transmission  
20 rates no matter what. So, you might be  
21 indifferent to whether those costs get  
22 recovered in RNS rates versus LNS rates. But  
23 New Hampshire ratepayers are not indifferent,  
24 are they, because the effect of LNS rates and

[WITNESS: Jones~Bidmead]

1 the effect of RNS rates are different?

2 A. (Bidmead) I don't have this in-depth knowledge  
3 of transmission, sorry.

4 Q. Okay. Looking again at Page 1a of Attachment  
5 DFB-1, which is Bates Page 11, I notice that  
6 there was a decrease in reliability payments,  
7 when you compare Column (A) to Column (B) or  
8 Column (B) to Column (A), I suppose. And I'm  
9 curious to know what accounts for that  
10 decrease?

11 A. (Bidmead) On 1a?

12 Q. Yes. This is Line 6 of Page 1a.

13 A. (Bidmead) That's an increase.

14 Q. Well, the forecast says "7,037", and the 12  
15 months actuals -- actual are 6,225 -- excuse  
16 me, "5,424".

17 A. (Bidmead) Well, Column (B) is actually from the  
18 prior year's filing. That's the forecast  
19 period from the prior year's filing.

20 Q. Uh-huh.

21 A. (Bidmead) So, they're not really actuals, just  
22 the forecast from the prior year.

23 Q. So, what accounts for the change, though?

24 A. (Bidmead) So, there's an increase in the

[WITNESS: Jones~Bidmead]

1 forecast during this past year, there were some  
2 high voltage VAR expenses that came through the  
3 ISO bill for about \$1.4 million that weren't  
4 forecasted for.

5 Q. Do you know why that happened?

6 A. (Bidmead) No.

7 Q. Are you aware that the Federal Energy  
8 Regulatory Commission is investigating regional  
9 transmission rates in Docket Number EL16-19?

10 A. (Bidmead) No.

11 MR. KREIS: Okay. Just taking a  
12 second here. I want to see if I have any more  
13 questions.

14 (Short pause).

15 MR. KREIS: Nope. I have no other  
16 questions.

17 CHAIRMAN HONIGBERG: Ms. Amidon.

18 MS. AMIDON: Thank you.

19 BY MS. AMIDON:

20 Q. When you talked about LNS plant, that's plant  
21 that Eversource has in Connecticut and  
22 Massachusetts, as well as New Hampshire, is  
23 that right?

24 A. (Bidmead) Yes. For the revenue requirements?

[WITNESS: Jones~Bidmead]

1 Q. Yes.

2 A. (Bidmead) Yes.

3 Q. And a lot of it's in Connecticut, is that

4 reasonable to say?

5 A. (Bidmead) I think that's fair to say. Uh-huh.

6 Q. In terms of the value of the investment?

7 A. (Bidmead) Yes. I don't know the breakdown, but  
8 I would say that's fair to say.

9 Q. Okay. Thank you. And I think I'm going to be  
10 very kind with you, Mr. Bidmead, because I  
11 don't have a lot of questions. But I wanted to  
12 ask a question relative to Page 10 of -- Bates  
13 stamp 010 of Exhibit 1, which is Attachment  
14 DFB-1. Are you there?

15 A. (Bidmead) Yes.

16 Q. Okay. So, if we look at Line 8 there, it says  
17 "Return on TCAM Working Capital".

18 A. (Bidmead) Yes.

19 Q. What calculation does the Company use to  
20 calculate -- does it use the same calculation  
21 as it does for Energy Service, in other words  
22 45/365?

23 A. (Bidmead) Yes.

24 Q. So, if the working capital requirement were

[WITNESS: Jones~Bidmead]

1 changed for the Company, you would be using a  
2 different working capital return on this one as  
3 well, correct?

4 A. (Bidmead) There was a data request that asked  
5 about how, on TS 2-2.

6 Q. It's not in the record, Mr. Bidmead.

7 A. (Bidmead) Oh, okay.

8 Q. So, nobody --

9 A. (Bidmead) Sorry.

10 Q. -- the Commissioners don't have it. I just  
11 asked if PSNH recalculated it -- well, if a  
12 lead/lag study resulted in a recalculation for  
13 PSNH, would it recalculate the working capital  
14 for the TCAM, as well as for Energy Service?  
15 If you don't know, you can just say you "don't  
16 know".

17 A. (Bidmead) Yes. I don't know.

18 Q. Okay. That's all right. I just wanted to  
19 highlight that issue. So, essentially, though,  
20 it's fair to say that -- or, do you think it's  
21 fair to say that the ratepayers continue to see  
22 increases in transmission-related costs in  
23 their bills?

24 A. (Bidmead) Going forward?

[WITNESS: Jones~Bidmead]

1 Q. Yes.

2 A. (Bidmead) After this hearing?

3 Q. Uh-huh.

4 A. (Bidmead) I don't know.

5 Q. Do you see any end to it?

6 A. (Bidmead) I'm not a transmission person, I  
7 don't know.

8 Q. Okay. That's fair enough. Ms. Jones, I  
9 couldn't leave you out. I just have one  
10 question for you. If we go to Bates stamp 022  
11 of Exhibit 1, and that's LBJ-1. Are you there?

12 A. (Jones) Yes.

13 Q. Okay. So, in the filing, the Company asks for  
14 an average TCAM factor of "2.193 cents per  
15 kilowatt-hour", is that right?

16 A. (Jones) Correct.

17 Q. What this schedule represents, if I understand  
18 it correctly, is how you take the revenue  
19 requirement associated with that increase and  
20 allocate it among the various customer classes  
21 and the charges associated with it, is that  
22 fair to say?

23 A. (Jones) That's correct.

24 Q. Okay. So, that's why, if we look for -- at

[WITNESS: Jones~Bidmead]

1 Line 7, which has Rate R, which is residential  
2 customers, is that right?

3 A. (Jones) Yes.

4 Q. And, if we go to the far right, we see that the  
5 proposed rate is 2 -- well, it's stated in  
6 dollars, but I'm more comfortable with using  
7 cents, "2.39 cents per kilowatt-hour"?

8 A. (Jones) Yes.

9 Q. And, even though the average rate is lower than  
10 that, that's just the allocation for the  
11 customer class?

12 A. (Jones) That's right.

13 Q. And that goes back to the Settlement Agreement,  
14 that setup?

15 A. (Jones) It does.

16 MS. AMIDON: Okay. Thank you.

17 That's it for me. Thank you.

18 CHAIRMAN HONIGBERG: Commissioner  
19 Scott.

20 CMSR. SCOTT: Thanks.

21 BY CMSR. SCOTT:

22 Q. I think this is just -- this is for Ms. Jones,  
23 but I just want to make sure I understand the  
24 percentage impact. So, if I go to Exhibit 2 in

[WITNESS: Jones~Bidmead]

1 this filing, the transmission -- the requested  
2 transmission increase is \$14, almost \$15, out a  
3 total of 125.55 for an average ratepayer of 625  
4 kilowatts, does that sound right?

5 A. (Jones) The total transmission component for an  
6 average customer would be the \$14.94.

7 Q. Okay. And that's, obviously, been increasing.  
8 Do you have a -- have you had an historical  
9 view of how long the trend, if you will, for  
10 this transmission component, gone up or varied  
11 or --

12 A. (Jones) Are you looking for a particular time  
13 period?

14 Q. The past three or four years.

15 A. (Jones) I can look at the overall transmission  
16 rate for that time period.

17 Q. But that is just directionally, I don't need  
18 refined numbers. I know you're on the fly  
19 here.

20 A. (Jones) So, looking back, say, mid-2014, we  
21 were at an overall average of 1.6 cents per  
22 kilowatt-hour, that's compared to the current,  
23 roughly 1.8, and the proposed, roughly 2.2.

24 Would you like to go back further in time?

[WITNESS: Jones~Bidmead]

1 Q. If you have it handy, otherwise we don't need  
2 to go through the exercise. I guess what I  
3 want to confirm, my understanding is the  
4 transmission rate has continuously gone up. Is  
5 that a fair assessment?

6 A. (Jones) In general, yes, although we have had  
7 some decreases from time to time.

8 Q. And it sounds like you don't do projections,  
9 so --

10 A. (Jones) I do not.

11 CMSR. SCOTT: So, I won't ask. Thank  
12 you.

13 CHAIRMAN HONIGBERG: Commissioner  
14 Bailey.

15 BY CMSR. BAILEY:

16 Q. Can you look at Exhibit 3 please?

17 A. (Jones) Yes.

18 Q. Can you explain why the "LG Rate B" customer  
19 class, the percentage increase is so much  
20 higher than everybody else's?

21 A. (Jones) Yes. The 2006 Settlement Agreement  
22 requires us to calculate the Rate B  
23 transmission charges first. And, once that has  
24 been done, we increase the other charges by the

[WITNESS: Jones~Bidmead]

1 equal percentage necessary to recover the total  
2 rate. So, for Rate B customers, we're required  
3 to look at their contribution to the system  
4 peak demands for each period. And this  
5 customer class had a relatively higher  
6 contribution to the system peak demand than  
7 they had in the previous period. So, that's  
8 one of the reasons.

9 Another reason is that the transmission  
10 rate is a higher percentage of these customers'  
11 delivery bills than it is for other classes.  
12 In particular, these LG Rate B customers, many  
13 are served at 115 kV or higher. And, so, they  
14 don't pay any distribution charges. So, that  
15 makes the transmission charge a large part of  
16 their bill.

17 So, it's a higher allocation of the cost  
18 to that class. It's showing that transmission  
19 is a more significant portion of that  
20 customer's bill. And it's also a function of  
21 the current rate, which is unusually low. As  
22 we were going through this exercise a year ago,  
23 we were talking about what a large decrease  
24 those particular customers were getting,

{DE 16-566} - {06-23-16}

1 compared to the changes in other customers'  
2 bills. So, it's starting from a lower base for  
3 them. And that's really just a function of  
4 what their contributions are to the system  
5 peaks. Those numbers tend to be unpredictable.

6 CMSR. BAILEY: Okay. Thank you.

7 CHAIRMAN HONIGBERG: I have no  
8 questions.

9 Mr. Fossum, do you have any further  
10 questions for your witnesses?

11 MR. FOSSUM: No. Thank you.

12 CHAIRMAN HONIGBERG: All right. If  
13 there's nothing further, I assume there's no  
14 objection to striking the ID on Exhibits 1, 2,  
15 and 3?

16 *[No verbal response.]*

17 CHAIRMAN HONIGBERG: And they will be  
18 full exhibits.

19 Mr. Kreis, would you like to sum up  
20 first?

21 MR. KREIS: Thank you, Mr. Chairman.  
22 The Transmission Cost Adjustment Mechanism  
23 basically is a device whereby federally  
24 approved transmission costs just flow

1 automatically through to the customers of  
2 Eversource. And, so, the Commission here has  
3 very little discretion to do anything about the  
4 excessive and oppressive transmission rates  
5 that all customers pay. There's been a lot of  
6 publicity lately about how high electricity  
7 rates are, and the ever-escalating transmission  
8 costs I would suggest are a key aspect of that  
9 problem.

10 Fortunately, the FERC is conducting  
11 an investigation of unjust and unreasonable  
12 transmission costs in New England in docket  
13 number EL16-19. My office is a party to that  
14 litigation. And, as mentioned in Mr. Bidmead's  
15 testimony, there are still three pending  
16 investigations related to excessive return on  
17 equity for the region's transmission owners.

18 So, although I can't bring myself to  
19 say that the rates reflected in the TCAM are  
20 "just and reasonable", I do recommend that the  
21 Commission approve the Company's filing.

22 CHAIRMAN HONIGBERG: Ms. Amidon.

23 MS. AMIDON: Thank you. Staff  
24 reviewed the filing and determined that the

1 rates are calculated as pursuant to the order  
2 approved by the Commission -- pursuant to a  
3 Settlement Agreement approved by the Commission  
4 related to the 2006 distribution rate for  
5 Eversource.

6 And, based on that, we would  
7 recommend that the Commission accept the  
8 filing. Thank you.

9 CHAIRMAN HONIGBERG: Mr. Fossum.

10 MR. FOSSUM: Thank you. I suppose  
11 I'll start off by saying that the Company  
12 believes that the rates that it is proposing in  
13 this filing are just and reasonable and should  
14 be approved.

15 As sort of a simple response to the  
16 comments of Mr. Kreis, I'll say that, while it  
17 is the Company's position that these rates are  
18 just and reasonable, I understand that he takes  
19 issue with the underlying costs. And, clearly,  
20 those issues are being explored in appropriate  
21 forums now. And, to the extent that they yield  
22 outcomes up or down, they will be passed  
23 through in rates, just as the costs are today,  
24 subject to potential future changes to this

1 mechanism, of course.

2 So, with that simple statement, I  
3 would say that the Company believes that it has  
4 calculated its rates appropriately and in line  
5 with the Commission's directives, and would  
6 request that the proposal be approved and  
7 allowed to go into effect on July 1st, as  
8 proposed.

9 CHAIRMAN HONIGBERG: All right.  
10 Thank you all very much for the presentations  
11 this morning. We'll adjourn this hearing, take  
12 the matter under advisement, and issue an order  
13 as quickly as we can. We are adjourned.

14 ***(Whereupon the hearing was***  
15 ***adjourned at 11:27 a.m.)***

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