

**STATE OF NEW HAMPSHIRE
BEFORE THE PUBLIC UTILITY COMMISSION**

**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
TRANSMISSION COST ADJUSTMENT MECHANISM**

PREPARED TESTIMONY OF

STEPHEN R. HALL

Docket No. DE 12-159

Exhibit 2

1 **Q. Please state your name, business address and your present position.**

2 A. My name is Stephen R. Hall. My business address is PSNH Energy Park, 780 North
3 Commercial Street, Manchester, New Hampshire. I am Rate and Regulatory Services
4 Manager for Public Service Company of New Hampshire (“PSNH”).

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

6 A. Yes, I have testified on numerous occasions before the Commission over the past thirty
7 years.

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

9 A. The purpose of my testimony is to propose transmission prices for effect July 1, 2012
10 under the Transmission Cost Adjustment Mechanism (TCAM). My testimony proposes
11 specific rates and charges for transmission based on the transmission revenue requirement
12 contained in the attachments to Mr. Baumann’s testimony.

13 **Q. Have you calculated specific rates and charges for transmission for all rate classes?**

14 A. Yes, we have. The proposed rates and charges are included in Attachment SRH-1.

1 **Q. Please describe generally the transmission pricing rate design contained in**
2 **Attachment SRH-1.**

3 A. The design of transmission prices was contained in the settlement agreement in Docket No.
4 DE 06-028. The settlement agreement describes the design of transmission pricing for
5 Backup Delivery Service Rate B specifically, and for all other rate classes in general. For
6 Rate B, the settlement agreement provides that transmission costs be recovered through a
7 demand charge, and it splits the demand charge into two components for rate calculation
8 purposes: a base component and an incremental component¹. The settlement agreement
9 describes the cost allocation for the base component, and it also states that other
10 transmission prices will be calculated through an equi-proportional adjustment.

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

13 A. First, the ratio of average Rate B demands to average total PSNH demands at the time of
14 the monthly NU system peaks was calculated. The calculation of that ratio is shown on
15 Page 2 of Attachment SRH-2. Once the ratio was calculated, the Rate B base component
16 revenue requirement for the forecast period was determined by multiplying the ratio by the
17 total transmission revenue requirement for the forecast period included in Mr. Baumann's
18 Attachment RAB-1. The Rate B base component forecasted revenue requirement is shown
19 on line 7 of Page 1 of Attachment SRH-2. The base component reconciliation from the
20 prior period was then added to the base component forecasted revenue requirement to
21 determine the total base component revenue requirement (line 11 of Page 1 of Attachment
22 SRH-2). The Rate B base component rate was then determined by dividing the total base
23 component revenue requirement by projected billing demand. As shown on Page 1 of
24 Attachment SRH-2, that calculation produces a Rate B base component rate of \$0.21 per
25 kW or kVA per month.

¹ For billing purposes, the two components are summed so only one demand charge is billed.

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

2 A. The base component reconciliation calculation is shown on Page 3 of Attachment SRH-2.
3 It was calculated by multiplying the prior period transmission revenue requirement by the
4 base component ratio for the prior period. The base component revenue for the prior
5 period was then subtracted from the base component revenue requirement to determine the
6 base component reconciliation (in this case, an over-recovery).

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

9 A. For the contribution to the monthly NU system peaks, we used historical data as a proxy
10 for what will occur in the prospective period because there is no other reasonable way to
11 forecast Rate B contributions to peak load. The projected billing demand for Rate B was
12 based on actual historical data, with adjustments that could reasonably be anticipated. For
13 total transmission revenue requirements, we used the data provided in Mr. Baumann's
14 testimony.

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

16 A. The transmission rate calculations were based on billing determinants for the 2009 test
17 year, as performed in Docket No. DE 09-035. On Attachment SRH-3, we multiplied the
18 forecasted TCAM rate provided in Mr. Baumann's attachment by test year MWH sales to
19 produce the target transmission revenue for the test year. From that test year revenue
20 requirement, we subtracted the Rate B base component revenue which was calculated
21 based on test year billing determinants on Attachment SRH-4. The result of this
22 subtraction is the amount to be recovered from all other customers. Revenue and the
23 resulting rates and charges were determined by proportionally adjusting all currently-
24 effective revenue and rates to the level necessary to recover the transmission revenue
25 requirement net of the Rate B base amount. The allocation of transmission revenue to
26 class under this methodology is shown on Attachment SRH-3.

27 **Q. Does this complete your testimony?**

28 A. Yes, it does.