

THE STATE OF NEW HAMPSHIRE
BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION
PREPARED TESTIMONY OF LOIS B. JONES
TRANSMISSION COST ADJUSTMENT MECHANISM (TCAM)

Docket No. DE 14-134

Exhibit 2

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

2 A. My name is Lois B. Jones. My business address is 780 North Commercial Street, Manchester, New
3 Hampshire. I am employed by Northeast Utilities Service Company (NUSCO) as the Team Leader
4 of the Rates Department at Public Service Company of New Hampshire (PSNH or “the Company”).
5 NUSCO provides centralized services to the Northeast Utilities (NU) operating subsidiaries,
6 including PSNH.

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

8 A. No, this is the first time that I have sponsored testimony before the Commission

9 **Q. Please describe your educational background.**

10 A. I graduated from New Hampshire College (now Southern New Hampshire University) in 1980 with
11 a Bachelor of Science degree in Economics and Finance.

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

13 A. Upon graduation, I joined PSNH as an analyst in the Rates and Load Research Department. I have
14 since held various analyst and supervisor positions in the Rates area and have developed a thorough
15 knowledge of rate issues. I have experience in rate design, special contract pricing, revenue
16 forecasting, revenue variance analysis, reporting of revenue and billing determinants, billing
17 implementation and performing embedded and marginal cost studies.

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

19 A. I am currently responsible for administration of PSNH’s Delivery Service tariff and for the
20 Company’s rate design.

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

2 A. The purpose of my testimony is to propose transmission prices for effect July 1, 2014 under the
3 Transmission Cost Adjustment Mechanism (TCAM). My testimony proposes specific rates and
4 charges for transmission based on the transmission revenue requirement contained in the
5 attachments to Mr. Shelnitz's testimony.

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

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

8 **Q. Please describe generally the transmission pricing rate design contained in Attachment LBJ-**
9 **1.**

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

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

19 A. First, the ratio of average Rate B demands to average total PSNH demands at the time of the
20 monthly NU system peaks was calculated. The calculation of that ratio is shown on Page 2 of
21 Attachment LBJ-2. Once the ratio was calculated, the Rate B base component revenue requirement
22 for the forecast period was determined by multiplying the ratio by the total transmission revenue
23 requirement for the forecast period included in Mr. Shelnitz's Attachment MLS-1. The Rate B base
24 component forecasted revenue requirement is shown on line 7 of Page 1 of Attachment LBJ-2. The
25 base component reconciliation from the prior period was then added to the base component
26 forecasted revenue requirement to determine the total base component revenue requirement (line 11
27 of Page 1 of Attachment LBJ-2). The Rate B base component rate was then determined by dividing

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

1 the total base component revenue requirement by projected billing demand. As shown on Page 1 of
2 Attachment LBJ-2, that calculation produces a Rate B base component rate of \$0.41 per kW or
3 kVA per month.

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

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

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

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

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

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

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

28 A. Yes, it does.