

STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

DOCKET NO. DE 19-057
REQUEST FOR TEMPORARY RATES

DIRECT TESTIMONY OF
EDWARD A. DAVIS

On behalf of Public Service Company of New Hampshire
d/b/a Eversource Energy

April 26, 2019

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ATTACHMENTS

EAD-1 (Temp) – Unmarked Copies of Proposed Tariff Pages

EAD-2 (Temp) – Marked Copies of Proposed Tariff Pages

EAD-3 (Temp) – Summary of Current and Proposed Revenues and Rates

EAD-4 (Temp) – Report of Proposed Rate Changes

EAD-5 (Temp) – Customer Bill Comparisons

EAD-6 (Temp) – Detailed Revenue Calculations

EAD-7 (Temp) – Distribution Revenue Normalizing Adjustments

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1 **I. INTRODUCTION**

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

3 A. My name is Edward A. Davis. I am employed by Eversource Energy Service
4 Company as the Director of Rates. In this position, I provide support to Public
5 Service Company of New Hampshire (“PSNH” or the “Company”). My business
6 address is 107 Selden Street, Berlin, Connecticut.

7 **Q. What are your principal responsibilities in this position?**

8 A. As the Director of Rates, I am responsible for activities related to rate design, cost
9 of service and rates administration for all electric and gas subsidiaries of
10 Eversource Energy.

1 **Q. Please describe your educational and professional background.**

2 A. I graduated from the University of Hartford with a Bachelor of Science degree in
3 Electrical Engineering in 1988 and from the University of Connecticut with a
4 Master of Business Administration in 1997.

5 I joined Northeast Utilities, now Eversource Energy, in 1979 and have held
6 various positions in the areas of consumer economics, engineering and operations,
7 wholesale and retail marketing and rate design, regulation and administration.

8 **Q. Have you testified previously before the New Hampshire Public Utilities**
9 **Commission or other regulatory bodies?**

10 A. Yes. I have on many occasions testified before the New Hampshire Public
11 Utilities Commission (“Commission”) on behalf of PSNH, and at the state utility
12 commissions in Connecticut and Massachusetts on behalf of other Eversource
13 Energy affiliates on rate related matters.

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

15 A. The purpose of my testimony is to present proposed changes to distribution rates
16 and corresponding tariff changes associated with the revenue requirements for
17 temporary rates, as presented in the joint Direct Testimony of Company
18 Witnesses Eric H. Chung and Troy M. Dixon. I also discuss the Company’s
19 revenue normalizing adjustments, allocation of revenue requirements to rate

1 classes and the rate design methodology applied in calculating the temporary
2 rates.

3 **Q. How is your testimony organized?**

4 A. Following this introductory section, Section II presents the delivery service tariff
5 pages and proposed rate changes. Section III of my testimony describes the
6 distribution revenue normalizing adjustments. Section IV describes the customer
7 bill impacts associated with proposed rate changes.

8 **Q. Are you presenting any exhibits in addition to your testimony?**

9 A. Yes, I am presenting the following attachments:

- 10 • EAD-1 (Temp) – presents proposed tariff pages for effect July 1, 2019;
- 11 • EAD-2 (Temp) – presents marked versions of the proposed tariff pages
12 showing the revisions from the currently effective tariff;
- 13 • EAD-3 (Temp) – is a calculation of the proposed distribution rates and
14 charges for effect on July 1, 2019;
- 15 • EAD-4 (Temp) – is the “Report of Proposed Rate Changes” as required by
16 Puc 1604.02(a)(2);
- 17 • EAD-5 (Temp) – presents customer bill impacts as a result of the proposed
18 temporary distribution rates;

- 1 • EAD-6 (Temp) – presents detailed calculations of revenues by rate class
2 and by component, which support the information provided in EAD-4
3 (Temp); and
- 4 • EAD-7 (Temp) – presents the calculation of the distribution revenue
5 normalizing adjustment.

6 **II. DELIVERY SERVICE TARIFF PAGES AND RATE CHANGES**

7 **Q. Please describe the Company’s proposed Delivery Service tariff pages.**

8 A. Attachment EAD-1 (Temp) presents PSNH’s proposed tariff pages for effect July
9 1, 2019. Specifically, these tariff pages present the temporary distribution rates
10 that will remain in effect until new permanent rates are approved by the
11 Commission and go into effect pursuant to RSA 378:28.

12 Attachment EAD-2 (Temp) presents marked versions of the tariff pages showing
13 the proposed revisions from the currently effective tariff.

1 **Q. Which rates are changing as part of this temporary rate request?**

2 A. The Company proposes to change only its distribution rates in this temporary rate
3 request.

4 **Q. Is the Company proposing changes to the other rates and charges contained**
5 **in these tariff pages prior to the proposed effective date?**

6 A. No. All the other rates and charges in the proposed tariff pages are expected to
7 remain in effect through July 31, 2019. On August 1, 2019, new transmission,
8 Stranded Cost Recovery Charge (“SCRC”), and Energy Service rates will become
9 effective. These rates and charges will be proposed in separate proceedings and
10 dockets before the Commission.

11 **Q. Please describe the allocation of revenue requirements to rate classes and the**
12 **resulting rates reflected in the tariff pages.**

13 A. PSNH has designed its temporary distribution rates by adjusting the current
14 distribution rates for each rate class on a uniform percentage basis. By adjusting
15 each rate in this manner, the Company has maintained the relative revenue
16 responsibility and rate design among rate classes that exists under current rates.

17 The proposed uniform adjustment amount has been determined by calculating the
18 ratio of the proposed distribution revenue requirement, as presented in Mr. Chung
19 and Mr. Dixon’s testimony, to the current distribution revenue level. This ratio is
20 applied to each component of current distribution rates (e.g., customer, demand
21 and energy prices) to develop the new proposed rates.

1 Attachment EAD-3 (Temp) presents the calculation of the proposed distribution
2 rates and charges for effect on July 1, 2019. On page 1, the ratio of the proposed
3 distribution revenue requirement to the existing distribution revenue is calculated.
4 The ratio is 1.09443. On pages 2-5, the current rates are multiplied by the ratio to
5 develop the proposed rates effective July 1, 2019.

6 **Q. Please reconcile the test year billed distribution revenue at current rates and**
7 **the proposed temporary rates with the operating distribution revenue**
8 **amounts and incremental revenue requirement presented in this temporary**
9 **rate request.**

10 A. Mr. Chung and Mr. Dixon have provided Attachment EHC/TMD-2 (Temp),
11 Schedule EHC/TMD-4 (Temp) at page 1, line 21, Column (F), showing total
12 billed distribution revenue of \$350,492,188. This is the same as the current billed
13 distribution revenue under the current rate level shown on Attachment EAD-3
14 (Temp), Page 1, line 18. Attachment EHC/TMD-2 (Temp), Schedule EHC/TMD-
15 1 (Temp) at page 1, line 35 shows an incremental revenue requirement of
16 \$33,098,032, which ties to the proposed temporary distribution rate level change
17 shown on Attachment EAD-3 (Temp), page 1, line 20.

18 **III. DISTRIBUTION REVENUE NORMALIZING ADJUSTMENT**

19 **Q. Did the Company include a distribution revenue normalizing adjustment in**
20 **the revenue-requirement calculation?**

21 A. Yes. Attachment EHC/TMD-2 (Temp), Schedule EHC/TMD-4 (Temp), at page
22 1, line 21, Column (E) presents a distribution revenue normalizing adjustment of

1 \$23,000, which PSNH has included in the revenue requirement calculations
2 performed by Mr. Chung and Mr. Dixon. This adjustment includes a revenue
3 increase of \$62,000 to reflect billed retail revenue at the January 1, 2018
4 distribution rate level for the entire test year, and a \$39,000 decrease in revenue to
5 reflect changes in outdoor lighting fixture inventory that occurred during the test
6 year. Specifically, the \$39,000 outdoor lighting inventory adjustment is the
7 difference between booked test year distribution revenue and the annual
8 distribution revenue based on the December 2018 outdoor lighting fixture
9 inventory. Using the outdoor lighting fixture inventory as of December 2018,
10 rather than the outdoor lighting inventory in place and billed during each month
11 of the test year is a known and measurable change occurring within the test year,
12 and more accurately reflects annual outdoor lighting distribution revenue. The
13 calculation of this adjustment is provided in Attachment EAD-7 (Temp).

14 **IV. CUSTOMER BILL IMPACTS**

15 **Q. Have you prepared a report describing the customer bill impacts from the**
16 **proposed temporary rates?**

17 A. Yes. Attachment EAD-4 (Temp) presents the “Report of Proposed Rate
18 Changes” as required by Puc 1604.02(a)(2). A similar report will also be
19 provided as part of the Company’s request for permanent rates. Page 1 of this
20 report shows, for each rate class of service, the annual revenue under current rates
21 and proposed rates, and the change in revenue and percentage change in revenue

1 due to the temporary distribution rates. As shown in the report, the proposed
2 change in distribution rates results in an overall increase in total retail billed
3 revenue of 2.2 percent. In addition to the distribution revenue, the annual revenue
4 amounts in this report (in both the current and proposed columns) include the
5 SCRC, transmission charge, System Benefits Charge, and Energy Service revenue
6 at rate levels currently in effect. All revenues are calculated based on actual sales
7 for the twelve months ending December 31, 2018, normalized for lighting
8 inventory as of December 2018. Pages 2 through 5 of this report and Attachment
9 EAD-6 (Temp) provide the supporting calculations of the annual revenue amounts
10 under current rates, proposed rates, and the change in revenue and percentage
11 change in revenue by rate class.

12 **Q. Will all customers in each class of service experience the same percentage**
13 **change to their bills?**

14 A. No. The percentage change varies by rate class due to differences between class
15 rate structures, and within each class due to consumption characteristics. Table 1
16 below shows an estimate of the effect of the distribution rate change by overall
17 rate class.

1 rates take effect. Assuming the Commission accepts PSNH's proposed
2 permanent rate level, the reconciliation would produce a short-term increase to
3 distribution rates (to recover the revenue shortfall that occurs during the time
4 frame in which temporary rates are in effect), plus a permanent increase to
5 distribution rates equal to the difference between the temporary and permanent
6 rate levels.

7 PSNH recommends implementing temporary rates at the proposed level, with the
8 understanding that any difference between the permanent rate level and the
9 temporary rate level will be recovered from or refunded to customers, as
10 authorized by the Commission, over a future period.

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

12 **A.** Yes, it does.