



EXHIBIT F

THE STATE OF NEW HAMPSHIRE BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DE 15-xxx

PETITION FOR APPROVAL OF LEASE AGREEMENT BETWEEN
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
D/B/A EVERSOURCE ENERGY AND NORTHERN PASS TRANSMISSION LLC

PRE-FILED TESTIMONY OF LISA M. COOPER AND ERIC H. CHUNG

October 19, 2015

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**PETITION FOR APPROVAL OF LEASE AGREEMENT BETWEEN PUBLIC SERVICE
COMPANY OF NEW HAMPSHIRE D/B/A EVERSOURCE ENERGY
AND NORTHERN PASS TRANSMISSION LLC**

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

2 A. My name is Lisa M. Cooper. My business address is 107 Selden Street, Berlin,
3 Connecticut 06037. I am the Director of Transmission Rates and Revenue
4 Requirements for Eversource Energy Service Corporation, the service company
5 subsidiary of Eversource Energy ("Eversource"). I am currently responsible for the
6 coordination and implementation of transmission revenue requirements and rates for the
7 Connecticut Light and Power Company (CL&P), NSTAR Electric, Public Service
8 Company of New Hampshire ("PSNH") and Western Massachusetts Electric Company
9 (WMECO).

10

11 **Q. Please describe your educational background and work experience.**

12 A. I graduated from the University of Connecticut with a Bachelor of Science degree in
13 Accounting in 1983 and am a Certified Public Accountant. Prior to my employment at
14 Eversource Energy, I was a manager at Haggett, Longobardi and Company (merged
15 with CohnReznick). I joined Eversource in 1990 and served in a number of regulatory,
16 financial, accounting and transmission business positions. I was the Manager of
17 Transmission Rates from June 2007 until October 2013. In 2013, I assumed my current
18 position, as Director of Transmission Rates and Revenue Requirements. I have overall
19 responsibility for regulatory interfaces associated with all transmission rate related filings

1 before Eversource's three state utility commissions, as well as the Federal Energy
2 Regulatory Commission ("FERC"). I have directed the preparation and filing of various
3 documents and exhibits related to transmission revenue requirements, rates and
4 projects. I have testified before the Connecticut Public Utilities Regulatory Authority and
5 Massachusetts Department of Public Utilities. I have also submitted testimony with the
6 FERC and provided technical presentations before the FERC Staff. My resume is
7 attached as Exhibit LMC-1.

8
9 **Q. Have you previously testified before the New Hampshire Public Utilities
10 Commission (Commission)?**

11 A. No. I have testified before the FERC, Connecticut Public Utilities Regulatory Authority,
12 and the Massachusetts Department of Public Utilities. I have also provided technical
13 presentations at the FERC.

14
15 **Q. Please state your name, business address, position, and responsibilities.**

16 A. My name is Eric H. Chung. My business address is 1 NSTAR Way, Westwood,
17 Massachusetts 02090. I am the Director of Revenue Requirements and Regulatory
18 Projects at Eversource. I am currently responsible for all regulatory activity affecting the
19 financial requirements of Eversource's operations in New Hampshire, plus special
20 enterprise-wide regulatory initiatives across Eversource's operating businesses in the
21 states of Connecticut, Massachusetts, and New Hampshire.

22
23 **Q. Please describe your educational background and work experience.**

1 A. I have a Bachelor of Arts in physics with honors from Harvard University, as well as a
2 Master of Business Administration degree in finance and economics from the University
3 of Chicago Booth School of Business. I was appointed to my current position at
4 Eversource in February 2015. I joined Eversource in August 2013 as the Director of
5 Revenue Requirements for Eversource's operating companies in both Massachusetts
6 and New Hampshire, including Public Service Company of New Hampshire ("PSNH" or
7 the "Company"). From May 2011 to August 2013, I was a Senior Manager in the Power
8 Utilities Advisory practice at Ernst and Young LLP. From July 2009 to April 2011, I
9 worked for PacifiCorp, a vertically-integrated electric utility based in Portland, Oregon
10 serving approximately 1.7 million customers across six states in the Western United
11 States. At PacifiCorp, my primary role was Director of Environmental Policy and
12 Strategy, and I also held leadership roles in PacifiCorp's Transmission and Corporate
13 Finance departments. I have also served as an Associate Partner in the Utilities practice
14 at Oliver Wyman, a Senior Engagement Manager in the Power practice at Strategic
15 Decisions Group, and a Senior Programmer Analyst at Goldman Sachs. I have
16 approximately eighteen years of relevant management consulting and industry
17 experience, with most of my career dedicated to the power and utilities sectors. My
18 resume is attached as Exhibit EHC-1.

19
20 **Q. Have you previously testified before the Commission?**

21 A. Yes, I have testified before the Commission on numerous occasions, including in Docket
22 Nos. DE 13-274, DE 13-275, DE 13-108 and DE 11-250.

23

24

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

2 A. The purpose of our joint testimony is to provide financial and rate support associated
3 with the filing of the lease agreement between PSNH and Northern Pass Transmission
4 (NPT). In this testimony, we will: (1) provide the basis for determining the lease payment
5 revenues; (2) describe how the lease payment revenues will be allocated and recorded
6 between the business segments; (3) describe how the lease payment revenues will
7 affect transmission revenue requirements and distribution revenue requirements; and (4)
8 affirm the fact that the revenues resulting from the lease payments are just and
9 reasonable.

10

11 **Q. Please describe your understanding of the transaction at issue.**

12 A. Our understanding is that the transaction is a long-term lease of certain property to NPT
13 by PSNH for which NPT will pay \$750,622 in Year 1 with an annual escalation factor of
14 0.5 percent. The lease amounts will be calculated annually in accordance with Exhibit
15 LMC -2, page 5 and billed monthly. NPT will remit payments to PSNH under the lease
16 agreement and the revenues received by PSNH will represent revenue credits to
17 transmission and distribution ratepayers, as described below.

18

19 **Q. Could you describe the property at issue?**

20 A. NPT plans to site a DC transmission line in New Hampshire that would be built partially
21 within rights of way owned by PSNH. In the proposed transaction, PSNH would lease
22 portions of approximately 100 miles of rights of way to NPT. Of the total fair market
23 value of the land involved in the lease, the majority (93.7 percent) is PSNH transmission
24 property. This property is included in transmission rate base and recovered through

1 regional and local transmission rates. 4.9 percent of the total fair market value is PSNH
2 distribution property. This property has been included in distribution rate base and
3 recovered from retail distribution customers. The remainder of the fair market value of
4 the property was not included in transmission or distribution rates and is owned by
5 Eversource shareholders.

6
7 **Q. Please describe how the payments from NPT will be accounted for.**

8 A. The lease agreement revenues received by PSNH will be recorded on a monthly basis in
9 FERC Account No. 454, Rent From Electric Property (transmission and distribution) and
10 Account No. 418, Nonoperating Rental Income (shareholder). The calculation to
11 determine the transmission, distribution and shareholder revenues will be based on the
12 respective share of the total fair market value of the property. Therefore, based on the
13 fair market value of the property, transmission will receive 93.7 percent of the revenues
14 and distribution will receive 4.9 percent of the revenues. The remaining 1.4 percent of
15 the revenues will be recorded to Eversource shareholders. As indicated previously in
16 our testimony, these percentages are based on the FMV of the leased property.

17
18 **Q. Why use a percentage allocation rather than some other, perhaps more direct,
19 method?**

20 A. The individual parcels of land can be identified as belonging to specific business
21 segments of PSNH. Therefore, it is reasonable that the segment allocation be
22 calculated based on the ownership and fair market value of the property. However, as
23 explained in the Colliers testimony, there is value in the ability to use the undivided
24 whole. That value is not directly assignable to particular parcels. Accordingly, we have

1 used a reasonable approach to allocate the revenues received that accounts for the
2 individual parcels.

3
4 **Q. For those amounts assignable to Transmission, how would those payments flow**
5 **back to customers?**

6 A. The amounts allocated to PSNH transmission are estimated to be \$703,033 in Year 1, or
7 93.7 percent of the total lease payment revenues. These transmission revenues will be
8 revenue credited in Regional Network Service (“RNS”) and Local Network Service
9 (“LNS”) rates. The RNS rate reflects the recovery of costs associated with the Pooled
10 Transmission Facilities (PTF). The combination of RNS and LNS rates recovery total
11 transmission revenue requirements, which derive the transmission-related expenses that
12 are calculated and reconciled in the Transmission Cost Adjustment Mechanism
13 (“TCAM”) process in New Hampshire. All else being equal, these payments would have
14 the effect of lowering the TCAM rate, though the ultimate change in the TCAM will
15 depend upon more than the application of this payment. Transmission customers will be
16 receiving revenues in excess of the return on and of this property in rates. A
17 representative calculation of the rate effect is shown in Exhibit LMC-3, to this testimony.

18
19 **Q. For the amounts assignable to Distribution, how would those payments flow back**
20 **to customers?**

21 A. The amounts allocated to PSNH Distribution are estimated to be \$36,780 in Year 1, or
22 4.9 percent of the total lease payment revenues. These lease revenues paid by NPT
23 would be credited toward the Distribution cost. All else being equal, and using an annual

1 Distribution sales estimate of 7,989,855 MWh¹, these payments would have the effect of
2 lowering the average Distribution rate by approximately 0.0005 cents/kWh (\$36,780 /
3 7,989,855 MWh). Again, the important point is that Distribution customers will be
4 compensated for the use of this property.

5

6 **Q. For the amounts assignable to Eversource shareholders, how would those**
7 **payments be handled?**

8 A. As noted, a small portion of the property is owned by Eversource shareholders and is
9 not recovered from either transmission or distribution customers. The amount
10 assignable to this property, \$10,509 in Year 1, or 1.4 percent of the total fair market
11 value, would be revenues to Eversource's shareholders. This property has never been
12 in transmission or distribution rates or paid for by customers; therefore, the revenues
13 received from NPT for this use of this property would have no effect on rates.

14

15 **Q. Is it your opinion that application of the lease payments results in rates that are**
16 **just and reasonable?**

17 A. Yes, it is.

18

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

20 A. Yes, it does.

¹ Please refer to Eversource's June 11, 2015 Stranded Cost Recovery Charge rate filing in Docket No. DE 14-236, Attachment CJK-1, page 3.