

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

DG 13-086

NORTHERN UTILITIES, INC.

**DIRECT TESTIMONY OF
DOUGLAS J. DEBSKI**

EXHIBIT DJD-1

TABLE OF CONTENTS

I.	INTRODUCTION.....	1
II.	SCOPE OF TESTIMONY	2
III.	PROPOSED TARIFFS.....	2
IV.	PROPOSED BILL IMPACTS.....	5

COMPLETE LIST OF DJD SCHEDULES

<u>Schedule Number</u>	<u>Description</u>	<u>Pages</u>
	<u>Bill Impacts</u>	
DJD-1	Typical Bill Impact Models	20
DJD-2	Average Monthly Residential Bill Impacts	4

1 **I. INTRODUCTION**

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

3 A. My name is Douglas J. Debski. I am a Senior Regulatory Analyst for Unitol
4 Service Corp., an affiliate of Northern Utilities, Inc. ("Northern" or the
5 "Company"). My business address is 6 Liberty Lane West, Hampton, New
6 Hampshire, 03842-1720. Both Companies are subsidiaries of Unitol Corporation.

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

8 A. In 1987, I graduated cum laude from the University of New Hampshire with a
9 Bachelor of Science Degree in Mathematics. I joined Unitol Service Corp. in
10 1988 and have held numerous positions in the Rates and Regulatory Service
11 Department while progressing in responsibilities to my current position.

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

13 A. I joined Unitol Service Corp. in May 1988. Since that time, I have prepared
14 numerous regulatory filings, tariffs, price analyses and design, load research
15 studies and analyses, bill frequency analyses and load forecasting for, or on behalf
16 of, the Company and Unitol Corporation's other utility affiliates, Unitol Energy
17 Systems, Inc. and Fitchburg Gas and Electric Light Company.

18 **Q. Have you previously testified before the Commission or any other regulatory**
19 **body?**

20 A. Yes, I have previously presented Testimony before the New Hampshire Public
21 Utilities Commission ("Commission"). I have also prepared and presented

1 testimony before both the Maine Public Utilities Commission and the
2 Massachusetts Department of Public Utilities.

3 **II. SCOPE OF TESTIMONY**

4 **Q. What is your responsibility in connection with this proceeding?**

5 A. I am responsible for preparing the Company's proposed tariff changes in this
6 proceeding in both redline and final formatted versions. I am also responsible for
7 preparing the bill impacts showing the proposed changes in customer bills due to
8 the rate design proposed in the Testimony of Paul M. Normand for each of the
9 Company's proposed rates.

10 **Q. Please outline the organization of your Testimony and Schedules.**

11 A. The tariffs for which I am presenting Testimony are included with the Company's
12 filing. My Schedules include bill impacts by rate class based on a bill frequency
13 analysis presented in Schedule DJD-1 and annual bill impacts for the residential
14 rate classes based on weather normalized usage presented in Schedule DJD-2. I
15 also discuss annual class average bill impacts as presented in the Report of
16 Proposed Rate Changes.

17 **III. PROPOSED TARIFFS**

18 **Q. Please summarize the proposed tariff changes presented in this filing.**

19 A. A complete listing of the proposed tariff changes is included under a separate tab
20 made with the Company's filing. These changes reflect the proposed rates

1 presented in the Testimony of Paul M. Normand for the customer charges and the
2 seasonal block volumetric charges. Also, fifth revised Page 21 reflects changes in
3 indirect gas costs for both the miscellaneous overhead and the production and
4 storage capacity as explained in the Testimony of Paul M. Normand. Further, the
5 Company is including proposed original tariff pages 172-180 for the Multi-Year
6 Rate Plan discussed in the Testimony of James D. Simpson.

7 To be consistent with Chapter PUC 1202.09 of the New Hampshire Code of
8 Administrative Rules, the number of days before which the Company will assess
9 a late payment fee has been changed from thirty to twenty five days following the
10 billing date.

11 The tariffs have been updated to reflect revision and superseded page numbers
12 and the filed and effective dates. Additionally, the cover page and numerous
13 other pages have been relabeled with the electronic signature of the current officer
14 of the Company, Mr. Mark Collin, Treasurer. The Table of Contents has been
15 updated to incorporate other proposed changes in tariff pages, including the
16 Multi-Year Rate Plan tariff. Finally, the Company has deleted and reserved for
17 future use Page 40, Calculation of Cost of Gas Adjustment for the Pelham
18 Division, and Page 99-a, Pelham Division C&I rates, as the Pelham Division is no
19 longer applicable.

20 Please note that the Company has not annotated every header and footer change
21 pertaining to page revision numbers, issued and effective dates, and signatures as

1 the modern day electronic word processing software makes these redline edits
2 self-explanatory as “text changes” with no change in rate or terms. The Company
3 has annotated changes in the redlined tariffs for rate increases or rate decreases,
4 proposed deletions and proposed new tariff provisions, as appropriate.

5 Also, note that Pages 94 through 96, the summary of current seasonal residential
6 and C&I rates, are not being filed as part of this initial petition, but will be
7 provided as part of a compliance filing or upon the implementation of temporary
8 rates, when the then-current actual Local Delivery Adjustment Clause Charge
9 (“LDAC”) and Cost of Gas Clause (“COGC”) charges, as well as approved
10 distribution charges, are known.

11 **Q. The testimony of Company witness David L. Chong provides the calculation**
12 **of the Company’s proposed temporary rate increase, on an annualized basis,**
13 **of \$2,518,576. How does the Company propose to recover the temporary**
14 **rate increase?**

15 A. The Company proposes to recover the temporary rate increase as a uniform
16 surcharge of \$0.0424 per therm, applied to all rate schedules, as shown in
17 proposed tariff Supplement No. 2, effective July 1, 2013. Temporary rate
18 revenues will be fully reconciled with permanent rate revenues, as established in
19 the Commission’s final order in this docket. This is similar treatment of the
20 temporary rate increase to that in the Company’s last distribution rate case, DG
21 11-069.

1 **Q. Please describe the derivation of the temporary delivery charge of \$0.0424**
2 **per therm.**

3 A. The annualized proposed temporary rate increase is determined as follows, by
4 dividing the revenue requirement by the test year weather normalized delivery
5 volumes, rounded to four decimals:

$$\text{Temporary rate} = \frac{\$2,518,576}{59,356,751 \text{ thm}} = \$0.0424 / \text{therm}$$

6 **IV. PROPOSED BILL IMPACTS**

7 **Q. Can you please explain your proposed bill impact Schedules and the bill**
8 **impacts to customers as a result of this filing?**

9 A. Schedule DJD-1 is a listing of the proposed bill impacts as a result of this filing
10 for each of the delivery service rate classes for both the peak (winter) and off-
11 peak (summer) seasons. These pages compare the proposed rates (on the right
12 side, middle of each page) to the present rates (on the left side, middle of each
13 page). Both the present and proposed rates include the 6 month average seasonal
14 COGC from May 1, 2012 to April 30, 2013. The proposed COGC rates reflect an
15 increase of \$0.0037 per therm as a result of changes in indirect gas costs in the
16 rate design proposal in this proceeding as explained in the Testimony of Paul M.
17 Normand. For this analysis, the LDAC is current as of the date of this filing and
18 both the LDAC and COGC do not reflect any other proposed upcoming changes,
19 in order to isolate the impacts of the proposed distribution charges and indirect
20 gas costs in this proceeding.

1 **Q. Why are there two sets of impacts shown at the top of Schedule DJD-1?**

2 A. The bill impacts are shown for total charges, which include both the delivery and
3 the supply charges as well as for the distribution-only charges. This is in order to
4 isolate the impacts on distribution charge changes from the total bill impacts and
5 is useful for comparative purposes.

6 **Q. Have you developed a set of bill impacts for transportation-only customers?**

7 A. No, I have not. Transportation-only customers who pay supply charges similar in
8 price to the COGC provided by the Company can expect similar impacts on their
9 total delivery and supply charges. To the extent their third party supply charges
10 vary from the Company's COGC, total proposed bill impacts will vary
11 accordingly. The proposed bill impact due to distribution-only charges will be the
12 same since these charges do not vary between delivery and transportation-only
13 customers.

14 **Q. How are the percentages of bills calculated in Schedule DJD-1?**

15 A. The percentages of bills and average consumption are developed in deciles, or
16 each tenth of total bills. I developed test year billing frequency data by season
17 from the Customer Information System to calculate this data. This data is not
18 weather normalized. This is a common presentation of bill impact data to show
19 the range of bill impacts from the lower consumption bills to the higher
20 consumption bills and is consistent with the presentation provided by the
21 Company in its last base rate case proceeding.

1 **Q. Please discuss the bill impacts presented on Schedule DJD-1.**

2 A. As shown on Schedule DJD-1, the proposed rates result in a wide range of
3 monthly percentage bill impacts depending upon the usage level. As a result of
4 proposed increases in customer charges, bills with low usage levels show the
5 highest percentage increases while bills with high usage levels show lower
6 percentage increases or even decreases. It should be noted that a single customer
7 may be represented in different decile lines in the Schedule, as their consumption
8 may vary from month to month. If the customer has consistent low consumption
9 the bill impact would be shown at the top portion of the table; if the customer has
10 consistent high consumption the bill impact would be shown at the bottom portion
11 of the table; and if the customer's consumption varies greatly by month, the bill
12 impact would be represented by different portions of the table.

13 **Q. What other comments do you have regarding this bill impact presentation?**

14 A. I also note that the bill impacts show winter and summer impacts separately,
15 reflecting seasonal rates.

16 **Q. What are the class average impacts by season?**

17 A. The total class average bill impacts by season are shown in Schedule DJD-1 and
18 summarized in Table 1 below.

1

Table 1

<u>Rate Class</u>	<u>Peak Season Average Impact</u>	<u>Off-Peak Season Average Impact</u>
R-5	7.2%	28.5%
R-6	25.0%	46.9%
R-10	4.4%	20.8%
R-11	21.0%	39.7%
G-40	3.4%	34.9%
G-50	4.4%	11.6%
G-41	2.1%	28.7%
G-51	3.4%	12.2%
G-42	3.4%	11.7%
G-52	3.4%	6.8%

2 **Q. In view of the level of the customer charges proposed by the Company, can**
3 **you offer any further analysis that would evaluate the magnitude of the**
4 **increase to which an individual customer will be exposed?**

5 A. Yes. This is best analyzed by looking at the sum total of the customer's bills over
6 a twelve month period. A useful analysis should take into consideration the net
7 effect of winter bills and summer bills. I also believe that the analysis should look
8 at the amount of change in dollars paid instead of merely focusing on percentage
9 increases. This is because a percentage increase in a smaller bill appears
10 relatively high.

11 **Q. Have you prepared any additional bill impact analyses?**

12 A. Yes. Schedule DJD-2 takes the residential bill comparisons from Schedule DJD-1
13 one step further for more detail. Instead of utilizing actual bill frequency data,
14 this comparison looks at the weather normalized class sales by month and
15 develops the average rate class consumption level for each month. It presents an
16 estimate of how the bill impacts would affect the average customer from month to

1 month throughout the year. This comparison uses the 6 month average COGC
2 also used in Schedule DJD-1 to better isolate just the impacts of this rate filing
3 from month to month. As shown on Page 1 of 4, the average residential heating
4 customer using 607 therms in the winter, 139 therms in the summer, for a total of
5 747 therms for a whole year, will see an annual bill increase of \$113 or 10.7%.
6 As shown on Page 2 of 4, the average low income residential heating customer
7 using 506 therms in the winter, 149 therms in the summer, for a total of 655
8 therms for a whole year, will see an annual bill increase of \$47 or 6.9%. As
9 shown on Page 3 of 4, the average residential non-heating customer using 163
10 therms in the winter, 76 therms in the summer, for a total of 239 therms for a
11 whole year, will see an annual bill increase of \$131 or 31.3%. As shown on Page
12 4 of 4, the average low income residential non-heating customer using 155 therms
13 in the winter, 92 therms in the summer, for a total of 248 therms for a whole year,
14 will see an annual bill increase of \$95 or 26.6%.

15 **Q. How are low income residential customers affected by this proposal?**

16 A. Low income residential heating customers, rate R-10, currently receive a 60%
17 discount on the customer charge (\$5.50 vs. \$13.73) and a 60% discount on
18 volumetric charges versus the R-5 rates. The Company is proposing to maintain
19 the discounts at these percentages as calculated in Schedule DJD-1, pages 3 and 4.

20 Low income residential non-heating customers, rate R-11, currently receive a
21 27.3% discount on the customer charge (\$9.98 vs. \$13.73) and a 24.2% discount

1 on volumetric charges versus the R-6 rates. The Company is proposing to
2 maintain the discounts at these percentages as calculated in Schedule DJD-1,
3 pages 7 and 8.

4 **Q. How does the average usage of low income residential customers compare to**
5 **the class total during the test year?**

6 A. For the residential heating class, the difference in average weather normalized
7 consumption levels between regular (R-5) versus low income customers (R-10) is
8 about 14%, with the low income customers on the R-10 low income heating rate
9 consuming less, on average. For the residential non-heating class, the difference
10 in average weather normalized consumption levels between regular (R-6) versus
11 low income customers (R-11) is about -3%, with the low income customers on the
12 low income non-heating rate consuming slightly more, on average. The low
13 income residential non-heating class is a closed, grandfathered (since 2001) rate
14 class and had an average of only 19 customers remaining on it during 2012.

15 **Q. How many low income customers does the Company have on its residential**
16 **heating and residential non-heating rates?**

17 A. The company averaged about 1,148 customers on the low income residential
18 heating R-10 rate in 2012, representing 5.5% of all residential heating customers.
19 These figures are based on the number of customer billing units shown in
20 Schedule PMN-1G-8. Low income non-heating customer data is not available
21 other than the limited number of customers on the grandfathered R-11 rate, which

1 has been closed since 2001. However, using figures from the Company's Maine
2 division where low income non-heating customer data is available due to a
3 different low income rate structure, it is estimated that about 0.2%, or just a
4 handful, of non-heating customers on the R-6 rate during the test year are low
5 income. This would be in addition to the average of 19 customers on the R-11
6 low income non-heating rate (closed to new customers since 2001).

7 **Q. Have you prepared annual average bill impacts for all rate classes?**

8 A. Yes, annual average bill impacts can be found in the Company's Report of
9 Proposed Rate Changes and are summarized in the table below.

10 **Table 2**

<u>Rate Class</u>	<u>Avg. Annual Impact</u>
R-5	10.7%
R-6	31.3%
R-10	6.9%
R-11	26.6%
G-40	8.5%
G-50	7.4%
G-41	5.8%
G-51	6.2%
G-42	5.1%
G-52	4.3%

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

12 A. Yes it does.