

**NORTHERN UTILITIES, INC.  
NEW HAMPSHIRE DIVISION  
NOVEMBER 2023/OCTOBER 2024 REVENUE DECOUPLING  
ADJUSTMENT FACTOR FILING  
PREFILED TESTIMONY OF  
S. ELENA DEMERIS**

1 **I. INTRODUCTION**

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

3 A. My name is S. Elena Demeris. My business address is 6 Liberty Lane West, Hampton,  
4 New Hampshire.

5  
6 **Q. For whom do you work and in what capacity?**

7 A. I am a Senior Regulatory Analyst for Unitil Service Corp. (“Unitil Service”), a subsidiary  
8 of Unitil Corporation that provides managerial, financial, regulatory and engineering  
9 services to Unitil Corporation’s principal subsidiaries Fitchburg Gas and Electric Light  
10 Company, d/b/a Unitil (“FG&E”), Granite State Gas Transmission, Inc. (“Granite”),  
11 Northern Utilities, Inc. d/b/a Unitil (“Northern”), and Unitil Energy Systems, Inc.  
12 (“UES”) (together “Unitil”). In this capacity I am responsible for preparing regulatory  
13 filings, pricing research, regulatory analysis, tariff administration, revenue requirements  
14 calculations, customer research, and other analytical services.

15  
16 **Q. Please summarize your professional and educational background.**

17 A. In 1996, I graduated from the University of Massachusetts - Lowell with a Bachelor’s of  
18 Science Degree in Civil Engineering. In 2005, I earned a Master’s Degree in Business  
19 Administration and in 2006 a Master’s Degree in Finance from Southern New Hampshire  
20 University. I joined Unitil in July 1998 in the regulatory/rate department.

1    **II.    PURPOSE OF TESTIMONY**

2    **Q.    What is the purpose of your testimony in this proceeding?**

3    A.    The purpose of my testimony is to introduce and describe Northern's (or “the Company”)  
4        proposed Revenue Decoupling Adjustment Factor (“RDAF”) for effect November 1,  
5        2023.

6  
7    **Q.    What documentation is included in this filing to support the proposed RDAF?**

8    A.    In addition to this testimony describing the calculation of the RDAF, materials included  
9        herein are Attachment SED-1-RDAF and Attachment SED-2 RDAF. Attachment SED-1  
10       RDAF provides the calculation of the RDAF for each rate class group for the Peak and  
11       Off-peak periods. Attachment SED-2 RDAF provides supporting documentation for the  
12       authorized Revenue Per Customer (“RPC”) used in the RDAF calculations and approved  
13       in DG 21-104. The Company is not including bill impacts or rate summaries in this filing  
14       since full bill impacts and rate summaries are being filed in the cost of gas filing on this  
15       day under separate cover.

16

17   **Q.    What are the Company’s proposed RDAF surcharges?**

18   A.    The table below summarizes the proposed Peak (November 1 – April 30) and Off-peak  
19       (May 1 – October 31) RDAFs for the Residential Heating, Residential Non-Heating,  
20       General Service High Load Factor and General Service Low Load Factor classes. The  
21       proposed rates represent an increase to Residential Heating customers of \$21.17 or 1.82%  
22       over the winter period and \$11.89 or 3.99% over the summer period. Please see

1 Attachment NUI-SED-3, filed in the Annual Cost of Gas Filing today under separate  
2 cover, for the impacts of all proposed November 1, 2023 and May 1, 2024 rate changes  
3 for all customer classes.

<b>Class</b>	<b>Peak \$/therm</b>	<b>Off-peak \$/therm</b>
Residential Heat	\$0.0434	\$0.1071
Residential Non-Heat	\$0.0588	\$0.0933
General Service HLF	(\$0.0112)	(\$0.0035)
General Service LLF	\$0.0169	\$0.0008

6  
7 **III. REVENUE DECOUPLING**

8 **Q. Please describe revenue decoupling.**

9 A. Revenue decoupling is a ratemaking mechanism that is designed to break the link  
10 between a utility's sales and revenues. By eliminating the link between customer usage  
11 and company earnings, revenue decoupling removes the disincentive for utilities to  
12 promote conservation and energy efficiency programs. Revenue decoupling allows a  
13 utility to recover its base revenue requirement approved in its most recent base rate case,  
14 or similar proceeding, despite changes in sales which may be the result of factors such as  
15 increased customer conservation, weather, or economic conditions.

16  
17 **Q. Will Northern continue to accrue lost revenue in addition to revenue decoupling?**

1 A. No, as discussed in my testimony in the cost of gas filing, Northern ceased to accrue lost  
2 revenue as of July 2022 with the approval of the revenue decoupling mechanism in DG  
3 21-104.

4

5

6

7

8 **Q. Could you describe the derivation of the proposed RDAF?**

9 A. The RDAF provides for an adjustment to distribution rates by comparing actual and  
10 allowed revenues based on a RPC methodology. This methodology was approved in DG  
11 21-104.

12

13 **IV. REVENUE DECOUPLING ADJUSTMENT FACTOR CALCULATIONS**

14 **Q. Provide an overview of the RDAF.**

15 A. The RDAF is a separate dollar per therm charge applicable to residential heating, R-5 and  
16 R-10; residential non-heat, R-6; commercial and industrial high load factor, G-50, G-51,  
17 G-52; and commercial and industrial low load factor, G-40, G-41, G-42. In addition,  
18 RDAFs are calculated for the peak period, November to April and off-peak periods, May  
19 to October.

20

21 **Q. Please describe Attachment SED-1 RDAF.**

1    **A.**     Attachment SED-1 consists of 14 worksheets providing calculations and supporting  
2           documentation for the RDAF for each customer group for peak and off-peak periods. The  
3           attachment consists of the calculation of the RDAF (Page 1), reconciliations by customer  
4           group and period (Pages 2-9), calculations supporting the development of the monthly  
5           revenue variances (Pages 10 & 11), the calculation of the revenue cap (Pages 10 & 11),  
6           actual base revenue for the period (Pages 12 & 13) and forecasted revenues (Page 14).

7

8

9    **Q.**     **Please describe the RDAF calculations**

10   **A.**     The Monthly Revenue Variance (“MRV”) for each class group and period are calculated  
11           by comparing the authorized revenue per customer with the actual revenue per customer  
12           from the Company’s billing system. MRV plus prior period balances and carrying  
13           charges minus prior period RDAF collections equal the Revenue Decoupling Adjustment  
14           (“RDA”). The RDA cap, as described below, is applied and amounts over the cap are  
15           deferred. The remaining amount is divided by the forecasted therm sales for the rate  
16           period to derive the dollar per therm RDAF. This calculation is demonstrated on  
17           Attachment SED-1 RDAF, page 1.

18

19   **Q.**     **How is the MRV calculated?**

20   **A.**     The calculation is demonstrated on Attachment SED-1 RDAF, Pages 10 & 11. Actual  
21           base revenue from the Company’s billing system (Pages 12 & 13) is used to derive the  
22           actual monthly revenue per customer. The actual revenue per customer is compared to

1 the revenue per customer authorized in the DG 21-104. The difference between the actual  
2 and authorized revenue per customer is the MRV. Authorized revenue per customer is  
3 provided in Attachment SED-2 RDAF.

4  
5 **Q. How is the RDA cap calculated and why is it required?**

6 A. The RDA cap intended to limit the impact of the RDAF on customer bills and is  
7 applicable to both over- and under-recoveries. The cap is 4.25 percent of actual  
8 distribution revenues, for each Customer Group, over the appropriate period, peak or off-  
9 peak. The calculation of the cap for the current peak and off-peak periods is provided in  
10 the bottom section of Attachment SED-1 RDAF, pages 10 and 11.

11  
12 **Q. Are any of the customer groups RDAF calculations impacted by the cap?**

13 A. Yes, please refer to Attachment SED-1 RDAF, page 1. In the peak period, the residential  
14 heating and C&I HLF and C&I LLF groups RDA exceed the cap and result in deferred  
15 costs. In the off-peak period, the residential heating RDA exceeds the cap and results in  
16 deferred costs.

17  
18 **Q. Have you provided reconciliations of the RDA and the estimated revenues or credits**  
19 **associated with proposed RDAFs?**

20 A. Yes, See Attachment SED-1 RDAF, pages 2 through 9 for reconciliations by customer  
21 group and peak, off-peak periods.

22

1   **Q.    Why have you included forecasted revenue?**

2    A.    Forecasted revenue shown on Page 14 is used in the reconciliation pages 2 through 9,  
3        column (D). Forecasted revenue consists of the forecasted therm sales times the proposed  
4        RDAF for each customer group and peak, off-peak periods. Forecasted therm sales are  
5        also used in the rate calculation on page 1.

6

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

8    A.    Yes, it does.