

**NORTHERN UTILITIES, INC.
NEW HAMPSHIRE DIVISION
SUMMER PERIOD 2015
COST OF GAS ADJUSTMENT FILING
PREFILED TESTIMONY OF
JOSEPH F. CONNEELY**

1 I. INTRODUCTION

2 Q. Please state your name and business address.

3 A. My name is Joseph F. Conneely. My business address is 6 Liberty Lane West,
4 Hampton, 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
8 subsidiary of Unitil Corporation that provides managerial, financial, regulatory
9 and engineering services to Unitil Corporation's principal subsidiaries Fitchburg
10 Gas and Electric Light Company, d/b/a Unitil ("FG&E"), Granite State Gas
11 Transmission, Inc. ("Granite"), Northern Utilities, Inc. d/b/a Unitil ("Northern"),
12 and Unitil Energy Systems, Inc. ("UES") (together "Unitil"). In this capacity I
13 am responsible for managing reporting requirements and filing required reports.

14

15 Q. Please summarize your professional and educational background.

16 A. I graduated from Saint Anselm College, Manchester, New Hampshire in 1999
17 with a Bachelor of Arts degree in Financial Economics. Before joining Unitil, I
18 worked for the Royal Bank of Scotland- Sempra Energy Trading Corp. joint
19 venture ("RBS") in Greenwich, Connecticut as a senior electricity and natural gas
20 trader. Prior to working for RBS, I was employed as a mid-term electricity and

1 natural gas trader at Morgan Stanley in New York City. Before this position at
2 Morgan Stanley, I ran an energy trading book at Shell Gas and Energy Trading
3 North America in La Jolla, California. I joined Usource, a subsidiary of Unitil
4 Service Corp. in August 2008. In December 2008, I joined the Regulatory
5 Services Department at Unitil Service.

6
7 **Q. Have you previously testified before the New Hampshire Public Utilities**
8 **Commission?**

9 A. Yes. I have testified before the Commission in several of Northern's Winter and
10 Summer Period Cost of Gas ("COG") proceedings.

11
12 **II. PURPOSE OF TESTIMONY**

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

14 A. The purpose of my testimony is twofold. First, I provide a typical bill analysis for
15 the rate changes in this docket that are proposed for effect May 1, 2015. I will
16 also give an update on two components of the Local Distribution Adjustment
17 Charge ("LDAC") and describe a change to the Residential Low Income
18 Assistance and Regulatory Assessment Costs (RLIARAC) tariff calculation.

19
20 **Q. How does the 2015 Summer Period proposed cost of gas rate compare with**
21 **the 2014 Summer Period cost of gas rate?**

1 A. The proposed residential heating 2015 Summer Period rate of \$0.3333 per therm
2 is \$0.3167 per therm lower than the weighted residential heating average 2014
3 Summer Period rate of \$0.6500 per therm. At this time, the proposed rates do not
4 include a large refund expected from PNGTS. The Company will update its rates
5 in this proceeding to reflect the estimated refund. This is discussed in the
6 testimony of Mr. Kahl.

7

8 **Q. Please give an update to the LDAC components of Rate Case Expense and**
9 **Reconciliation of Permanent Changes in Delivery Charges effective May 1,**
10 **2015.**

11 A. The Rate Case Expense (“RCE”) and Reconciliation of Permanent Changes in
12 Delivery Charges (“RPC”) components of the LDAC will go to zero effective
13 May 1, 2015.

14 The RCE is a mechanism that allows the Company to adjust its rates for the
15 recovery of NHPUC-approved rate case expenses. The currently effective RCE is
16 \$0.0042 per therm.

17 The RPC is a mechanism that allows the Company to adjust its rates for the
18 reconciliation of revenues between temporary rates and permanent rates. The
19 currently effective RPC is \$0.0161per therm.

20 Both the RPC and RCE components will be \$0.0000 per therm effective May 1,
21 2015 per Order 25,653 issued on April 21, 2014 in Docket No. DG 13-086. All

1 other LDAC components will remain unchanged. These changes are reflected on
2 the Second Revised Page 59 included in this filing.

3 As required in DG 13-086, Northern will file reconciliations for both components
4 by July 31, 2015 including a recommendation for the treatment of any remaining
5 balances.

6
7 **Q. What will be the new aggregate LDAC rate effective May 1, 2015?**

8 **A.** The new LDAC rate for Residential Customers will be \$0.0446 per therm. The
9 new LDAC rate for C&I Customers will be \$0.0234 per therm.

10
11 **Q. Is the Company proposing LDAC tariff changes?**

12 **A.** Yes, the Company is proposing a change to its RLIARA. The current RLIARAC
13 tariff page Original Page 51 states that “The non-distribution portion of the
14 NHPUC regulatory assessment shall be calculated pursuant to DG 11-069.” As
15 the Commission is aware, Senate Bill 324 became effective July 1, 2014. Among
16 a number of other changes, this Senate Bill designates the rate components by
17 which public utilities are to recover their annual NHPUC regulatory assessment
18 costs from customers. Assessments of gas distribution utilities (consisting of the
19 assessment amounts based on the revenues of competitive natural gas suppliers
20 and the assessment amounts against gas distribution utilities) are to be collected
21 through the distribution rates of the gas distribution utilities, and a rate recovery

1 mechanism is to be established for each gas distribution utility which will adjust
2 annually to recover any change in a utility's annual assessment.

3 The Company proposes to implement these changes as follows: First, the current
4 level of assessment cost in base distribution rates is proposed to be set as the fixed
5 amount against which any changes in the Company's annual assessment may be
6 identified. The Company's last rate case Order, DG 13-086, was issued on April
7 21, 2014, establishing base rates effective May 1, 2014. The Company proposes
8 to use the amount of the NHPUC regulatory assessment included in its cost of
9 service in DG 13-086, or \$91,075, to establish the baseline amount of assessment
10 recovered. Second, the balance of any assessment, greater or lesser than the
11 amount identified above, is proposed to flow through to all distribution customers
12 via the reconciling rate mechanism of the Company's LDAC, via the RLIARA, as
13 a charge or a credit. Accordingly, the Company proposes to revise its tariff to
14 reflect this proposal.

15
16 **Q. When does the Company propose this tariff change take effect?**

17 **A.** The Company proposes to account for this tariff change effective July 1, 2014.
18 This is consistent with Senate Bill 324. Please note that in the Company's Winter
19 Season COG proceeding, Docket 2014-239, it calculated its RLIARA using this
20 method. Thus, the note is not changing with this COG filing.

1 **Q. Have you prepared a typical bill analysis showing the impact of the proposed**
2 **changes for effect on May 1, 2015 on a typical residential gas heating**
3 **customer?**

4 A. Yes. Schedule 8 provides this analysis and shows the impact of the proposed
5 COG and LDAC changes. A typical residential heating customer consuming 143
6 therms during the 2015 Summer Period will see a bill of \$260.12 for the entire
7 Summer Period of May through October. This is \$35.77, or 12.09% lower than
8 the bill for the same usage during the 2014 Summer Period. I also note that this
9 analysis includes the Company's proposed Step 2 Adjustment filed on February
10 28, 2015. As discussed by Mr. Kahl, the COG will be updated later in this
11 proceeding to reflect the estimated refund from PNGTS. I will update my bill
12 impacts at the same time.

13

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

15 A. Yes, it does.