

UNITIL ENERGY SYSTEMS, INC.

DIRECT TESTIMONY OF
LINDA S. MCNAMARA

New Hampshire Public Utilities Commission

Docket No.: DE 20-

June 17, 2020

TABLE OF CONTENTS

I. INTRODUCTION	Page 1
II. PURPOSE OF TESTIMONY	Page 1
III. STRANDED COST CHARGE	Page 2
IV. EXTERNAL DELIVERY CHARGE	Page 5
V. TARIFF CHANGES AND BILL IMPACTS	Page 9
VI. CONCLUSION	Page 11

LIST OF SCHEDULES

Schedule LSM-1: Stranded Cost Charge

Schedule LSM-2: External Delivery Charge

Schedule LSM-3: Redline Tariffs

Schedule LSM-4: Bill Impacts

1 **I. INTRODUCTION**

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

3 A. My name is Linda S. McNamara. My business address is 6 Liberty Lane West,
4 Hampton, New Hampshire 03842.

5

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

7 A. I am a Senior Regulatory Analyst at Unitil Service Corp. ("USC"), which
8 provides centralized management and administrative services to all Unitil
9 Corporation's affiliates including Unitil Energy Systems, Inc. ("UES").

10

11 **Q. Please describe your business and educational background.**

12 A. In 1994 I graduated *cum laude* from the University of New Hampshire with a
13 Bachelor of Science Degree in Mathematics. Since joining USC in June 1994, I
14 have been responsible for the preparation of various regulatory filings, price
15 analysis, and tariff changes.

16

17 **Q. Have you previously testified before the New Hampshire Public Utilities
18 Commission ("Commission")?**

19 A. Yes.

20

21 **II. PURPOSE OF TESTIMONY**

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

1 A. The purpose of my testimony is to present and explain the proposed changes
2 to UES's Stranded Cost Charge ("SCC") and External Delivery Charge
3 ("EDC"), effective August 1, 2020.

4
5 My testimony will focus on the reconciliation and rate development for the
6 SCC and EDC. I will explain the rate development for these mechanisms,
7 review the actual and estimated data included in each rate, describe the
8 proposed tariff revisions, and provide bill impacts for each class. Ms. Lisa
9 Glover is sponsoring testimony which addresses the costs associated with each
10 of these charges. Mr. Douglas Debski has provided testimony to explain the
11 calculation of displaced distribution revenue associated with net metering for
12 2019, which is included for recovery in the proposed EDC.

13
14 **III. STRANDED COST CHARGE**

15 Q. What is the SCC?

16 A. The SCC is the mechanism by which UES recovers UPC's stranded costs
17 from retail customers. UPC's stranded costs are billed to UES in the form of
18 Contract Release Payments through the Amended System Agreement.

19
20 Q. What is UES's proposed SCC?

21 A. As shown on Schedule LSM-1, Page 1, UES is proposing a SCC of
22 (\$0.00025)/kWh, or (0.025¢)/kWh, for its Residential, Regular General

1 Service kWh meter, General Service Quick Recovery Water Heating, Space
2 Heating, and Controlled Off Peak Water Heating, and Outdoor Lighting
3 classes, (\$0.00005)/kWh, or (0.005¢)/kWh, and (\$0.05)/kW for its Regular
4 General Service G2 class, and (\$0.00006)/kWh, or (0.006¢)/kWh and
5 (\$0.06)/kVa for its Large General Service G1 class. The rates are proposed to
6 become effective August 1, 2020.

7

8 Q. How is the SCC calculated?

9 A. Schedule LSM-1, Page 1 provides the calculation for the SCC for all classes.

10 The rate is calculated in accordance with UES's tariff, Schedule SCC. The
11 class SCC obligations are calculated first based on a uniform per kWh charge,
12 and then applied to energy and demand components for the Regular General
13 Service G2 class and Large General Service G1 class. For these classes, UES
14 used the ratio of demand and energy revenue under current rates to develop
15 the demand and energy components of the SCC for effect August 1, 2020,
16 similar to the method used in last year's filing.

17

18 Q. How was the uniform per kWh rate for determining class SCC obligations
19 calculated?

20 A. The uniform SCC is calculated by dividing the prior period (over)/under
21 recovery as of July 31, 2020, plus the forecast of costs for the period August
22 2020 through July 2021, plus interest for the same period, by calendar month

1 kWh sales for August 2020 through July 2021. This uniform rate is applied
2 equally to all customer classes. From this, energy and demand based rates are
3 designed for the G2 and G1 classes. This calculation is provided on Schedule
4 LSM-1, Page 1.

5

6 Q. How does the proposed SCC compare to the rate currently in effect?

7 A. The uniform rate is decreasing by \$0.00013 per kWh. The decrease is due to
8 the change in the prior period reconciliation balance. The August 1, 2020
9 overcollected balance is the result of Contract Release Payment credits
10 coming in above forecast for the August 2019 through July 2020 period.

11

12 Q. Have you provided a reconciliation of costs and revenues in the SCC?

13 A. Schedule LSM-1, Page 2, provides the reconciliation of costs and revenues for
14 the periods, August 2018 through July 2019, August 2019 through July 2020,
15 and the forecasted rate period, August 2020 through July 2021. Actual data is
16 provided for August 2018 through May 2020 and estimated data is provided
17 for the remaining months. This schedule summarizes the costs and revenues
18 associated with stranded costs and provides the computation of interest, which
19 is calculated based on average monthly balances using the prime rate, as
20 described in and consistent with the tariff.

21

1 Q. Have you provided detail on the monthly revenues shown on Page 2 of
2 Schedule LSM-1?

3 A. Yes, revenue detail is shown on Schedule LSM-1, Page 3 for the periods
4 August 2018 through July 2019, August 2019 through July 2020, and August
5 2020 through July 2021. Actual data is included for August 2018 through
6 May 2020 and the remaining months are forecast.

7

8 **IV. EXTERNAL DELIVERY CHARGE**

9 Q. What is the EDC?

10 A. The EDC is the mechanism by which UES recovers the costs it incurs
11 associated with providing transmission services outside UES's system and
12 other costs for energy and transmission related services. For costs incurred
13 after May 1, 2006, the costs included in the EDC exclude Default Service
14 related external administrative charges, which have been moved for collection
15 through the DSC, per the Settlement Agreement in DE 05-064 dated August
16 11, 2005, and approved by the Commission in Order No. 24,511 on
17 September 9, 2005. Beginning May 1, 2011, as approved in DE 10-055, UES
18 also recovers working capital associated with Other Flow-Through Operating
19 Expenses and the Non-Distribution Portion of the annual NHPUC assessment
20 as part of the EDC. Effective July 1, 2014, in accordance with RSA 363-A:6,
21 the Non-Distribution Portion of the annual NHPUC assessment is modified to
22 recover charges/credits in excess of the total NHPUC Assessment, less

1 amounts charged to base distribution and Default Service. As approved in DE
2 16-384, UES is allowed to recover other regulatory expenses incurred due to
3 DE 16-576 and IR 15-296, over the period August 1, 2017 through July 31,
4 2020. Pursuant to the provisions of RSA 363:28, III UES also recovers any
5 Commission approved special assessments charged to UES associated with
6 the expenses of experts employed by the Office of Consumer Advocate. The
7 EDC also includes the prudently incurred costs, as approved by the
8 Commission, associated with the alternative net metering tariff approved in
9 Docket DE 16-576.

10

11 In addition, the EDC includes the over- or under-collection from the
12 Company's Vegetation Management Program ("VMP") and Reliability
13 Enhancement Program ("REP") in accordance with the Settlement Agreement
14 in DE 16-384; the rebate of excess Regional Greenhouse Gas Initiative
15 ("RGGI") auction proceeds applicable to all retail electric customers in
16 accordance with Order No. 25,664 in DE 14-048; and, the recovery of
17 displaced distribution revenue associated with net metering for 2019.

18

19 Q. What is UES's proposed EDC?

20 A. Schedule LSM-2, Page 1, provides the proposed EDC of \$0.03613/kWh, or
21 3.613¢/kWh, applicable to all classes. This charge is proposed to become
22 effective August 1, 2020.

1

2 Q. How is the EDC calculated?

3 A. The EDC is calculated by summing the prior period (over)/under recovery as
4 of July 31, 2020, plus the estimated EDC costs and associated interest for the
5 period August 2020 through July 2021. The total is divided by estimated
6 calendar month kWh sales for the period August 2020 through July 2021.

7

8 Q. In DE 18-029, UES separated its EDC into two pieces, transmission and non-
9 transmission, in order to properly bill and credit alternative net metering
10 customers. Is the proposed EDC formatted and calculated in this same
11 manner?

12 A. Yes, the total proposed EDC has been broken into a transmission piece and
13 non-transmission piece in order to bill and credit alternative net metering
14 customers. The transmission-only factor is \$0.03632/kWh and the non-
15 transmission factor is (\$0.00019)/kWh. The calculation of these factors is
16 provided on Schedule LSM-2, Page 1. The majority of UES's customers will
17 continue to be billed the total EDC. The reconciliation of costs and revenues
18 beginning in August 2018, shown on Schedule LSM-2, pages 2, 3 and 4, are
19 also provided separately for transmission and non-transmission.

20

21 Q. How does the proposed total EDC compare to the rate currently in effect?

1 A. The total EDC has increased by \$0.01111, or 1.111¢, per kWh. This increase
2 is due to an increase in forecasted period costs and a large undercollection.
3 The forecasted period, August 2020 through July 2021, reflects higher
4 transmission costs compared to the forecast used for the period August 2019
5 through July 2020. The August 1, 2020 undercollection is the result of costs
6 coming in above forecast for the August 2019 through July 2020 period,
7 including a substantial estimated annual true-up from Eversource, as well as
8 decreased revenue due to lower sales and the inclusion of the VMP/REP
9 reconciliation undercollected balance. In addition, the proposed rate is
10 impacted by lower forecasted sales for the rate period August 2020-July 2021
11 versus forecasted sales used in the prior filing for the rate period August 2019-
12 July 2020.

13
14 Q. Have you provided a reconciliation of costs and revenues in the EDC?

15 A. Schedule LSM-2 provides the reconciliation of EDC costs and revenues.
16 Pages 2 and 3 provide the reconciliation for the two prior periods, August
17 2018 through July 2019 and August 2019 through July 2020. These pages
18 reflect actual data for the period August 2018 through May 2020 and
19 estimated data for the remainder of the period. As noted, June 2020 includes
20 the VMP/REP reconciliation balance, totaling \$337,289, as filed in DE 20-027
21 on March 5, 2020.

22

1 Page 4 of Schedule LSM-2 provides the reconciliation for the forecast rate
2 period, August 2020 through July 2021. Interest is computed on average
3 monthly balances using the prime rate, as described in the tariff. Detail on
4 monthly revenue is shown on Schedule LSM-2, Page 5.

5

6 **V. TARIFF CHANGES AND BILL IMPACTS**

7 Q. Has UES included tariff changes to reflect the proposed rate changes for effect
8 August 1, 2020?

9 A. Schedule LSM-3, Page 1 and 2 are redline tariffs of the SCC and EDC.

10 Please note that these pages are essentially the same as provided in Page 1 of
11 Schedules LSM-1 and 2. The proposed SCC and EDC are both incorporated
12 into revised tariff Pages 4 and 5, Summary of Delivery Service Rates and
13 Page 6, Summary of Low-Income Electric Assistance Program Discounts
14 which are provided on pages 3, 4, and 5, respectively, of Schedule LSM-3.

15

16 In addition to these pages incorporating the proposed rates, Schedule LSM-3,
17 Page 6, Schedule EDC, has been included to correct a typographical error.

18

19 Q. Have you included any bill impacts as a result of proposed rate changes
20 effective August 1, 2020?

21 A. Yes, rate changes and bill impacts as a result of changes to the SCC and EDC
22 have been provided in Schedule LSM-4. Pages 1 through 3 provide a

1 comparison of existing rates to the proposed rates for all the rate classes.

2 These pages also show the impact on a typical bill for each class in order to
3 identify the effect of each rate component on a typical bill.

4

5 Page 4 shows bill impacts to the residential class based on the mean and median
6 use. Page 4 is provided in a format similar to Pages 1 through 3.

7

8 Page 5 provides the overall average class bill impact as a result of these
9 proposed changes. As shown, for customers on Default Service, the
10 residential class average bill will increase about 6.7%. General Service (G2)
11 average bills will increase about 7.7%. Large General Service (G1) average
12 bills will increase about 10.9%. Outdoor lighting average bills will increase
13 about 3.4%.

14

15 Pages 6 through 11 of Schedule LSM-4 provide typical bill impacts for all
16 classes for a range of usage levels.

17

18 Q. What is the impact of the proposed rates on a typical residential bill compared
19 to rates that were in effect last August?

20 A. Compared to rates effective August 1, 2019, a residential customer on default
21 service, using 650 kWh a month, would see an increase of \$3.56, or 3.2%
22 under the proposed August 1, 2020 rates.

1 Q. Have you prepared a comparison of a residential typical bill in 2019 versus
2 2020?

3 A. In calendar year 2019, a residential customer on fixed default service using
4 650 kWh a month had an average bill of \$121.41. While the December 2020
5 fixed default service charge is unknown at this time, assuming no change from
6 last winter's rate of \$0.10330 per kWh, a residential customer on fixed default
7 service using 650 kWh a month would have an average bill of \$120.22 in
8 calendar year 2020. That is a decrease of \$1.19 or 1%.

9

10 **VI. CONCLUSION**

11 Q. Does that conclude your testimony?

12 A. Yes, it does.

This page intentionally left blank