

UNITIL ENERGY SYSTEMS, INC.

**DIRECT TESTIMONY OF
LINDA S. MCNAMARA**

New Hampshire Public Utilities Commission

Docket No. DE 22-017

March 25, 2022

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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 for 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, including
15 changes to the default service charges, price 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 to
2 UES's Default Service Charge ("DSC") effective June 1, 2022 as reflected in the
3 redline tariffs provided as Schedule LSM-1.

4

5 **Q. Is UES proposing any other tariff changes for effect June 1, 2022?**

6 A. Yes. UES's Summary of Low-Income Electric Assistance Program Discounts,
7 incorporating the proposed June 1 Non-G1 (Residential) DSC, would also be
8 affected by this change. However, because other changes that will affect this
9 page are currently pending in DE 21-030 for effect April 1, 2022, and in DE 19-
10 043 and DE 20-092 for effect May 1, 2022, UES plans to file this in compliance
11 with a Commission order.

12

13 **III. RETAIL RATE CALCULATIONS**

14 **Q. What are the proposed Non-G1 Class DSC?**

15 A. As shown on Schedule LSM-1, Page 1, the proposed Residential Class fixed Non-
16 G1 DSC is \$0.10117 per kWh and the proposed G2 and Outdoor Lighting ("OL")
17 Class fixed Non-G1 DSC is \$0.09370 per kWh for the period June 1, 2022
18 through November 30, 2022. The proposed Residential Class variable Non-G1
19 DSC and the proposed G2 and OL Class variable Non-G1 DSC for this same
20 period are also shown on this page.

21

1 The proposed DSC are comprised of two components, as shown on Schedule
2 LSM-1, Page 1: A Power Supply Charge and a Renewable Portfolio Standard
3 (“RPS”) Charge.

4

5 **Q. What are the proposed Power Supply Charges and RPS Charge?**

6 A. For the period June 1, 2022 through November 30, 2022, the proposed Residential
7 Class fixed Non-G1 Power Supply Charge is \$0.09679 per kWh, the proposed
8 G2 and OL Class fixed Non-G1 Power Supply Charge is \$0.08932 per kWh, and
9 the proposed fixed Non-G1 RPS Charge is \$0.00438 per kWh. These figures, as
10 well as the variable amounts for the same period, are shown on Schedule LSM-1,
11 Page 1.

12

13 **Q. How do the proposed Non-G1 fixed DSC rates compare to the Non-G1 fixed**
14 **DSC rates in effect last summer?**

15 A. The Residential Class fixed Non-G1 DSC in effect last summer, June 2021
16 through November 2021, was \$0.07091 per kWh. The proposed Residential Class
17 fixed Non-G1 DSC of \$0.10117 per kWh is an increase of \$0.03026 per kWh.

18

19 The G2 and OL Class fixed Non-G1 DSC in effect last summer, June 2021
20 through November 2021, was \$0.05992 per kWh. The proposed G2 and OL Class
21 fixed Non-G1 DSC of \$0.09370 per kWh is an increase of \$0.03378 per kWh.

22

23 **Q. How do the proposed Non-G1 fixed DSC rates compare to the current rate?**

1 A. The proposed Residential Class fixed Non-G1 DSC of \$0.10117 per kWh is a
2 decrease of \$0.07401 per kWh from the current DSC of \$0.17518 per kWh. The
3 proposed G2 and OL Class fixed Non-G1 DSC of \$0.09370 per kWh is a decrease
4 of \$0.06011 per kWh from the current DSC of \$0.15381 per kWh. These
5 decreases reflect lower contract costs for the period June 1, 2022 through
6 November 30, 2022 compared to the contract costs for the current period
7 December 1, 2021 through May 31, 2022.

8

9 **Q. Please describe the calculation of the Non-G1 class DSC.**

10 A. The rate calculations for the Non-G1 class Power Supply Charges, fixed and
11 variable, are provided on Schedule LSM-2, Page 1. The rate calculations for the
12 Non-G1 class RPS Charges, fixed and variable, are provided on Schedule LSM-3,
13 Page 1. Both charges are calculated in a similar manner.

14

15 Variable pricing is calculated by dividing the total costs for the month, including a
16 partial reconciliation of costs and revenues through February 28, 2022, by the
17 estimated monthly kWh purchases for the Residential Class and the G2 and OL
18 Class. An estimated loss factor of 6.4% is then added to arrive at the proposed
19 retail variable charges. Fixed pricing is calculated in a similar manner, except
20 that the calculation is based on each class's total for the entire six month period.

21

22 **Q. Have you made any adjustments to the reconciliation balances included in**
23 **the Power Supply and RPS charges?**

1 A. In order to determine the reconciliation amount included in the Non-G1 class
2 power supply charge, the reconciliation balance as of February 28, 2022 was
3 adjusted to recognize that estimated revenue in March, April, and May 2022
4 should exceed costs for this same period by an estimated \$8,010,892. This
5 adjustment recognizes that estimated costs for March, April and May 2022 are
6 below the average cost for the entire period, December 2021-May 2022, while
7 revenue will be primarily based on the fixed Power Supply Charge, of which most
8 Non-G1 customers pay, and is determined using an average of costs for the entire
9 December 2021-May 2022 period. This adjustment brings the expected
10 reconciliation balance from \$6,955,009 to (\$1,055,884).

11
12 In order to determine the reconciliation amounts included in the Non-G1 class
13 RPS, the reconciliation balance as of February 28, 2022 was adjusted to recognize
14 that the current RPS charges, in effect through May 31, 2022, include a credit for
15 the previous period's overcollection.

16
17 Since UES reconciles its costs on an annual basis, only a portion of the total
18 reconciliation balances are reflected in the proposed Power Supply and RPS rates.
19 UES apportioned the Power Supply balance and the RPS balance based on kWh
20 over the twelve month period June 2022 through May 2023. The Power Supply
21 reconciliation balance is further divided between the Residential Class and the
22 G2/OL Class, based on kWh. This calculation is provided on Page 1 of Schedule
23 LSM-2 for Power Supply and Page 1 of Schedule LSM-3 for RPS.

1

2 **Q. Have you provided details on the reconciliation?**

3 A. Support for the February 28, 2022 Non-G1 class power supply reconciliation
4 balance is provided on Schedule LSM-2, Page 2. Support for the February 28,
5 2022 Non-G1 class RPS reconciliation balance is provided on Schedule LSM-3,
6 Page 2. As described above, those figures have been adjusted in order to arrive at
7 the figures for collection beginning June 1, 2022. Details for costs for the period
8 March 2021 through February 2022 are provided on Page 3 of Schedule LSM-2
9 and LSM-3. Page 4 of Schedule LSM-2 and LSM-3 provides revenue details.

10

11 **Q. How does UES account for credits to net metering customers?**

12 A. The Company includes in the Total Non-G1 Class DS Supplier Charges, in the
13 Non-G1 Class Power Supply Charge, the amounts credited to, or paid to, small
14 customer generator net metering customers with an excess of 600 kWh banked at
15 the end of the March billing cycle who opt to be credited or paid in accordance
16 with the Puc 900 rules. In addition, UES includes any monthly amounts credited
17 to, or paid to, large customer generators or group net metering customers
18 including any required annual credit reconciliation in accordance with Puc 900.
19 For the period March 2021 through February 2022, these amounts totaled
20 \$78,066.12.

21

22 **Q. Have you provided support for the total forecast costs shown on Page 1,**
23 **lines 2 and 10 of Schedule LSM-2?**

1 A. The details of forecasted costs for the period June 1, 2022 through November
2 30, 2022 are provided on Schedule LSM-2, Page 5. Line items for the various
3 costs included in default service are shown and include: Non-G1 Class
4 (Residential) DS Supplier Charges, Non-G1 Class (G2 and OL) DS Supplier
5 Charges, GIS Support Payments, Supply Related Working Capital, Provision
6 for Uncollected Accounts, Internal Company Administrative Costs, Legal
7 Charges, Consulting Outside Service Charges, and the default service portion
8 of the annual PUC Assessment allocated to the Non-G1 Class.

9

10 **Q. Have you provided support for the total forecast costs shown on Page 1,**
11 **line 2 of Schedule LSM-3?**

12 A. The details of forecasted costs for the period June 1, 2022 through November
13 30, 2022 are provided on Schedule LSM-3, Page 5. Costs include RECs and
14 the associated working capital.

15

16 **Q. How is working capital calculated?**

17 A. Working capital included in the Power Supply Charge equals the sum of
18 working capital for Non-G1 Class (Residential) DS Supplier Charges, plus
19 Non-G1 Class (G2 and OL) DS Supplier Charges¹, plus GIS Support
20 Payments, as shown on Schedule LSM-2, Pages 3 and 5. It is calculated by

¹ In actuals, the supplier charges are provided in total in the column "Total Non-G1 Class DS Supplier Charges".

1 taking the product of Non-G1 Class (Residential) DS Supplier Charges plus
2 Non-G1 Class (G2 and OL) DS Supplier Charges plus GIS Support Payments
3 and the number of days lag divided by 365 days (i.e. the working capital
4 requirement) and multiplying it by the prime rate.

5
6 The calculation of working capital for RECs is included in the RPS Charge
7 and is shown on Schedule LSM-3, Pages 3 and 5. It is calculated by taking
8 the product of RECs and the number of days lead divided by 365 days (i.e. the
9 working capital requirement) and multiplying it by the prime rate.

10

11 The calculation of working capital included in the Power Supply Charge and
12 the RPS Charge for the period beginning June 1, 2022 both rely on the results
13 of the 2021 Default Service and Renewable Energy Credits Lead Lag Study,
14 presented by Mr. Nawazelski. The Non-G1 class Power Supply Charge
15 working capital calculation uses 22.52 days and the Non-G1 class RPS Charge
16 working capital calculation uses (250.05) days.

17

18 **Q. What is the proposed G1 Class DSC?**

19 A. The proposed G1 class DSC are comprised of two components, as shown on
20 Schedule LSM-1, Page 3: A Power Supply Charge and a Renewable Portfolio
21 Standard (“RPS”) Charge. The wholesale supplier charge included in the Power
22 Supply Charge will be determined each month based on the sum of fixed monthly

1 adders and variable energy prices, and therefore, the total DSC for the G1 class is
2 not known at this time.

3

4 **Q. What is the proposed Power Supply Charge, exclusive of supplier charges,
5 and RPS Charge?**

6 A. Schedule LSM-1, Page 3, shows the proposed G1 Power Supply Charges,
7 excluding the supplier charge component, of \$0.00888 per kWh in June 1, 2022
8 through November 30, 2022. The wholesale supply charge determined each
9 month will be added to this amount to yield the monthly G1 class Power Supply
10 Charge.

11

12 Also shown on Schedule LSM-1, Page 3, is the proposed G1 RPS Charge of
13 \$0.00467 per kWh in June 1, 2022 through November 30, 2022.

14

15 **Q. Have you prepared a comparison of the proposed G1 DSC to the current
16 rate?**

17 A. No. As the total G1 class DSC is not yet known, a comparison to current rates
18 was not performed.

19

20 **Q. Please describe the calculation of the G1 class DSC.**

21 A. The rate calculations for the Power Supply Charges, excluding wholesale supplier
22 charges, are provided on Schedule LSM-4, Page 1. The rate calculations for the

1 RPS Charges are provided on Schedule LSM-5, Page 1. Both charges are
2 calculated in the same manner.

3
4 Each charge is calculated by dividing the costs for each month, including a partial
5 reconciliation of costs and revenues through February 28, 2022, by the estimated
6 G1 kWh purchases for the corresponding month. An estimated loss factor of
7 4.591% is then added to arrive at the proposed retail charges.

8
9 Similar to the Non-G1 power supply and RPS balances, the G1 class power
10 supply and RPS reconciliation balances as of February 28, 2022 were adjusted in
11 order to determine the reconciliation amount for this filing. Adjustments were
12 made to reflect that the current DSC include reconciliation of the February 28,
13 2021 power supply and RPS balances, and to incorporate the difference between
14 the estimated supplier cost and revenue in March 2022. These adjustments are
15 shown on Page 1 of Schedule LSM-4 and LSM-5.

16

17 **Q. Have you provided support for the total forecast costs shown on Page 1,**
18 **line 2 of Schedule LSM-4?**

19 A. The details of forecasted costs included in the Power Supply Charge for the
20 period June 1, 2022 through November 30, 2022 are provided on Schedule
21 LSM-4, Page 5. Line items for the various costs included in default service
22 are shown and include: Total G1 Class DS Supplier Charges, GIS Support
23 Payments, Supply Related Working Capital, Provision for Uncollected

1 Accounts, Internal Company Administrative Costs, Legal Charges, Consulting
2 Outside Service Charges, and the default service portion of the annual PUC
3 Assessment allocated to the G1 Class. At the end of each month, UES will
4 determine the supplier charge to be added to the monthly Power Supply
5 Charge.

6

7 **Q. Have you provided support for the total forecast costs shown on Page 1,**
8 **line 2 of Schedule LSM-5?**

9 A. The details of forecasted costs included in the RPS Charge for the period June
10 1, 2022 through November 30, 2022 are provided on Schedule LSM-5, Page
11 5. Costs include Renewable Energy Credits (“RECs”) and the associated
12 Working Capital.

13

14 **Q. How is working capital calculated?**

15 A. Working capital included in the Power Supply Charge equals the sum of
16 working capital for Total G1 Class DS Supplier Charges plus GIS Support
17 Payments and is shown on Schedule LSM-4, Pages 3 and 5. It is calculated
18 by taking the product of Total G1 Class DS Supplier Charges plus GIS
19 Support Payments and the number of days lag divided by 365 days (i.e. the
20 working capital requirement) and multiplying it by the prime rate. As the
21 Total G1 Class DS Supplier Charges for the upcoming rate period are not yet
22 known, UES has estimated power supply costs for the purpose of estimating
23 working capital. The estimate of power supply costs is based on the

1 forecasted G1 class kWh purchases and an estimated price per kWh. The
2 estimated price per kWh was determined by comparing a historical
3 relationship between G1 and Non-G1 class supplier pricing and then applying
4 that relationship to the current average Non-G1 supplier price per kWh.

5 Actual working capital will be determined using the actual supplier charges in
6 each month.

7

8 The calculation of working capital for RECs is included in the RPS Charge
9 and is shown on Schedule LSM-5, Pages 3 and 5. It is calculated by taking
10 the product of RECs and the number of days lead divided by 365 days (i.e. the
11 working capital requirement) and multiplying it by the prime rate.

12

13 The calculation of working capital included in the Power Supply Charge and
14 the RPS Charge, effective June 1, 2022, both rely on the results of the 2021
15 Default Service and Renewable Energy Credits Lead Lag Study. The G1
16 class Power Supply Charge working capital calculation uses 4.20 days and the
17 G1 class RPS Charge working capital calculation uses (260.57) days.

18

19

20 **IV. BILL IMPACTS**

21 **Q. Have you included any bill impacts associated with the proposed DSC rate**
22 **changes?**

1 A. Typical bill impacts for Non-G1 customers taking default service have been
2 provided on Schedule LSM-6. Total bill impacts to G1 customers are unknown at
3 this time and have therefore been excluded from Schedule LSM-6.

4

5 Pages 1 and 2 provide a table comparing the existing rates to the proposed rates
6 for the residential and General Service rate classes. These pages also show the
7 impact on a typical bill for each class in order to identify the effect of each rate
8 component on a typical bill.

9

10 Page 3 shows bill impacts versus current rates to the residential class based on the
11 mean and median use. Page 3 is provided in a format similar to Pages 1 and 2.

12

13 Page 4 provides the overall average class bill impacts as a result of changes to the
14 DSC versus current rates. As shown, for customers on Default Service, the
15 residential class will decrease by approximately 26.6%, general service will
16 decrease by approximately 24.2%, and outdoor lighting will decrease by
17 approximately 14.5%.

18

19 Pages 5 through 9 of Schedule LSM-6 provide typical bill impacts versus current
20 rates for all classes, excluding G1, for a range of usage levels.

21

22 Pages 10 and 11 provide a table comparing rates in effect in June 2021 to the
23 proposed rates for the residential and General Service rate classes. These pages

1 also show the impact on a typical bill for each class in order to identify the effect
2 of each rate component on a typical bill. Residential customers taking fixed
3 default service will see increases of approximately 13.5% compared to last
4 summer. G2 and outdoor lighting customers taking fixed default service will see
5 increases of roughly 10-19% compared to last summer. These increases are due
6 to the change in the Default Service Charge.

7

8 **V. CONCLUSION**

9 **Q. Does that conclude your testimony?**

10 **A. Yes, it does.**