

UNITIL ENERGY SYSTEMS, INC.

**DIRECT TESTIMONY OF
DANIEL T. NAWAZELSKI**

EXHIBIT DTN-1

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DE 22-XXX

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1 **I. INTRODUCTION**

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

3 **A.** My name is Daniel T. Nawazelski, and my business address is 6 Liberty Lane West,
4 Hampton, New Hampshire 03842.

5 **Q. Mr. Nawazelski, what is your position and what are your responsibilities?**

6 **A.** I am the Manager of Revenue Requirements for Unitil Service Corp. (“Unitil
7 Service”) a subsidiary of Unitil Corporation that provides managerial, financial,
8 regulatory and engineering services to Unitil Corporation’s utility subsidiaries
9 including Unitil Energy Systems, Inc., (“UES” or the “Company”). In this
10 capacity I am responsible for the preparation and presentation of distribution rate
11 cases and in support of other various regulatory proceedings.

12 **Q. Mr. Nawazelski, please describe your business and educational background.**

13 **A.** I began working for Unitil Service in June of 2012 as an Associate Financial
14 Analyst and have held various positions with increasing responsibilities leading to
15 my current role of Manager of Revenue Requirements. I earned a Bachelor of
16 Science degree in Business with a concentration in Finance and Operations
17 Management from the University of Massachusetts, Amherst in May of 2012. I
18 am also currently pursuing my Masters in Business Administration at the
19 University of New Hampshire.

1 **Q. Have you previously testified before the Commission or other regulatory**
2 **agencies?**

3 **A.** Yes, I testified before this Commission on various financial, ratemaking and
4 utility regulation matters. I have also testified in proceedings before the Maine
5 Public Utilities Commission and the Massachusetts Department of Public
6 Utilities.

7 **II. SUMMARY OF TESTIMONY**

8 **Q. What is the purpose of your testimony?**

9 **A.** The purpose of my testimony is to provide the Company's request for approval of
10 recovery of the increase in property taxes associated with HB 700.

11 **Q. What did HB 700 allow for?**

12 **A.** HB 700 established a methodology for valuing utility distribution assets for
13 property tax purposes, codified as RSA 72:8-d and -e. Part of that law established
14 a new methodology for assessing utility property, and a five-year phase-in period
15 to fully transition to that new methodology. The first property tax year of the
16 phase-in period is the tax year beginning April 1, 2020. The law also requires the
17 Commission to establish by order a rate recovery mechanism for the property
18 taxes paid by a public utility.

19 **Q. Has the Company included recovery of the change in state related property**
20 **taxes?**

1 A. No. The Company has excluded the changes in the state related property taxes
2 from the recovery request consistent with the language of HB 700. Recovery of
3 the state portion of the property taxes will continue to occur as it does now as part
4 of the normal rate case process.

5 **Q. How has the Company calculated the increase in property taxes related to**
6 **local property taxes?**

7 A. The Company compared the amount of property tax recovery currently in rates to
8 the actual 2021 property tax expense.

9 **Q. How did the Company calculate the amount of property tax recovery**
10 **currently in rates?**

11 A. Schedule DTN-1, page 1, lines 1-6, provides the amount of property tax recovery
12 that was in rates from January 1, 2021 through May 31, 2021. The annual
13 property tax recovery for that respective period is \$7,002,664. This amount was
14 further assigned to state property tax recovery of \$1,432,967 and local property
15 tax recovery of \$5,569,698.

16 Next, Schedule DTN-1, page 1, lines 7-9, provides the amount of property tax
17 recovery that was in rates from June 1, 2021 through December 31, 2021 per the
18 rate case settlement in Docket DE 21-030. The annual property tax recovery for
19 that respective period is \$7,875,594. This amount was further assigned to state

1 property tax recovery of \$1,656,954 and local property tax recovery of
2 \$6,218,640.¹

3 Finally, Schedule DTN-1, page 1, line 10, calculates the 2021 annual property tax
4 recovery level by reflecting five months of recovery at the Docket No. 16-384,
5 18-036, and 19-043 recovery level and seven months at the Docket No. 21-030
6 recovery level.

7 **Q. What was the property tax expense for 2021?**

8 A. As shown on line 11 of Schedule DTN-1, page 1, the total property tax expense
9 for the Company in 2021 was \$7,697,108 of which \$1,644,888 was for state
10 property taxes and \$6,052,220 was for local property taxes. Schedule DTN-1,
11 page 2, provides a summary of the local property tax bill detail by town and
12 Schedule DTN-2 provides the property tax bills. The Company has removed the
13 2021 property taxes related to the Kensington DOC totaling \$17,057, consistent
14 with the Company's Settlement Agreement in Docket No. 21-030.

15 **Q. Were any abatements received in 2021 related to 2020 and 2021 property tax**
16 **bills?**

17 A. No.

18 **Q. How much higher was the 2021 property tax expense than the amount**
19 **currently included in rates?**

¹ Docket No. DE 21-030 Settlement Agreement Section 11.6

1 A. As shown on Schedule DTN-1, page 1, line 13, the 2021 property tax expense
2 was \$103,973 higher than the amount currently included in base distribution rates.

3 **Q. Through what mechanism is the Company allowed recovery of the increase**
4 **in local property taxes?**

5 A. In Order No. 26,500 (July 29, 2021) in Docket No. DE 21-069, the Commission
6 approved the Company's proposed method for reconciliation of local property
7 taxes consistent with the authority in RSA 72:8-e through the Company's
8 External Delivery Charge ("EDC")

9 **Q. Please provide a summary of the Company's request.**

10 A. The Company is requesting that the Commission approve the recovery of
11 \$103,973 of property taxes in 2021 related to the impacts of HB 700 through the
12 Company's EDC. This represents a decrease of \$69,445 from the amount
13 approved in last year's EDC of \$173,418.

14 **III.CONCLUSION**

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

16 A. Yes, it does.