

**NORTHERN UTILITIES, INC.**  
**NEW HAMPSHIRE DIVISION**  
**ANNUAL 2024/2025 COST OF GAS ADJUSTMENT 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.

21

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 changes to its Local Delivery Adjustment Charges ("LDAC"). Northern is  
5        proposing changes to its LDAC for effect November 1, 2024 for the following  
6        components: Gas Assistance Program ("GAP"), Environmental Response Cost ("ERC")  
7        Rate, Reconciliation of Permanent Changes ("RPC") in Distribution Rates, Property Tax  
8        Adjustment Mechanism ("PTAM") and Regulatory Assessment Adjustment Mechanism  
9        ("RAAM"). Northern is not proposing to change the following LDAC components:  
10       Interruptible Transportation Margin ("ITM")<sup>1</sup>, Rate Case Expense ("RCE") and Energy  
11       Efficiency Charge ("EEC"). The Company will file a proposed January 1, 2025 EEC on  
12       December 1, 2024 in accordance with HB 549. My testimony also discusses the impact  
13       the proposed Cost of Gas ("COG") and LDAC rate changes have on customer bills  
14       during the 2024-2025 Winter and 2025 Summer Seasons.

15  
16   **Q.    What are the Company's proposed LDAC surcharges?**

17   A.    The Company is submitting for approval a proposed LDAC of \$0.0649 per therm for the  
18        Residential Class and \$0.0374 per therm for the Commercial/Industrial (C&I) Class  
19        effective November 1, 2024 through October 31, 2025. The proposed rates are included  
20        on the Thirteenth Revised Tariff Page 62, superseding the Twelfth Revised Tariff Page

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<sup>1</sup> The Company did not provide Interruptible Transportation service during the past year, has not provided this service for many years and does not expect to provide any in the upcoming year. Therefore, Northern has not credited any actual or expected interruptible margins back to customers.

1           62. The table below summarizes the rate changes proposed in this filing. Residential  
2           customers will see a decrease of \$0.0259. in LDAC charges. C&I customers will see a  
3           decrease in LDAC charges of \$0.0001.

<b>Residential Rate Changes</b>			
<b>Charge</b>	<b>Current \$/therm</b>	<b>Proposed \$/therm</b>	<b>Difference</b>
GAP	\$0.0061	\$0.0059	( <b>\$0.0002</b> )
LRR – Residential	\$0.0000	\$0.0000	\$0.0000
ERC	\$0.0023	\$0.0014	( <b>\$0.0009</b> )
RCE	\$0.0000	\$0.0000	\$0.0000
RPC – Residential	\$0.0269	\$0.0000	( <b>\$0.0269</b> )
PTAM	\$0.0000	\$0.0017	\$0.0017
RAAM	<u>\$0.0010</u>	<u>\$0.0014</u>	<u>\$0.0004</u>
<b>Total Difference Residential</b>	<b>\$0.0363</b>	<b>\$0.0104</b>	<b>(<b>\$0.0259</b>)</b>
<b>Commercial and Industrial Rate Changes</b>			
<b>Charge</b>	<b>Current \$/therm</b>	<b>Proposed \$/therm</b>	<b>Difference</b>
GAP	\$0.0061	\$0.0059	( <b>\$0.0002</b> )
LRR – C&I	\$0.0000	\$0.0000	\$0.0000
ERC	\$0.0023	\$0.0014	( <b>\$0.0009</b> )
RCE	\$0.0000	\$0.0000	\$0.0000
RPC – C&I	\$0.0011	\$0.0000	( <b>\$0.0011</b> )
PTAM	\$0.0000	\$0.0017	\$0.0017
RAAM	<u>\$0.0010</u>	<u>\$0.0014</u>	<u>\$0.0004</u>
<b>Total Difference C&amp;I</b>	<b>\$0.0105</b>	<b>\$0.0104</b>	<b>(<b>\$0.0001</b>)</b>

4

5   **III.   DISCUSSION OF RATE CHANGES BY LDAC COMPONENT**

6   **Q.   Please describe the purpose of the GAP.**

7   A.   The purpose of this rate is to allow the Company to recover revenue discounts associated  
8       with customers participating in the GAP, as well as the associated administrative costs of  
9       that program, pursuant to the Commission’s Order in Docket No. DG 05-076. The GAP  
10      recovers a 45% discount to both distribution and supply rates, excluding the LDAC,

1 during the winter period only, in accordance with the Commission's Order in Docket DG  
2 20-013, effective November 1, 2020. The GAP rate is charged on all sales and delivery  
3 only services billed under the Company's rate schedules.

4  
5 **Q. Please describe the proposed change to the GAP rate.**

6 A. Northern is proposing to decrease the GAP rate from \$0.0061 to \$0.0059 per therm  
7 effective November 1, 2024.

8  
9 **Q. Could you describe the derivation of the proposed GAP rate?**

10 A. The GAP rate is derived by estimating the Company's Gas Assistance Program costs  
11 from November 1, 2024 through October 31, 2025, and the total account ending balance  
12 as of October 31, 2024, based on actual data through July 31, 2024 and estimated data  
13 from August 1, 2024 to October 31, 2024. As shown on Attachment NUI-SED-1 GAP,  
14 Page 1 of 3, Line 12, total estimated costs are \$367,985. Lines 1-7 provide the derivation  
15 of the average per customer subsidy.

16 Lastly, the projected October 31, 2024 ending balance of the GAP is an under-collection  
17 of \$90,356, as shown on Attachment NUI-SED-1 GAP, Page 2 of 2. The total recovery  
18 amount, \$458,342, is shown on Page 1 of 2, line 15, of Attachment NUI-SED-1 GAP,  
19 and is divided by estimated weather-normalized firm therm sales billed to customers for  
20 the twelve-months ended October 31, 2025 to derive the proposed GAP charge of  
21 \$0.0059 per therm shown on Page 1 of 3, line 21.

1   **Q.   Does the proposed rate exceed the program cost or bill impact thresholds**  
2       **established in Order No. 26,397, issued August 27, 2020 in Docket DG 20-013?**

3   **A.**   No, it does not. The thresholds established in Order No. 26,397 are (1) GAP overall  
4       program costs exceed one percent of a utility’s gross (annual) revenue; and (2) GAP  
5       overall program costs exceed one percent of the typical residential heating customer’s  
6       total annual bill. (1) Projected gross revenue, based on the January – June 2024 dollars  
7       per therm times the November 2024 – October 2025 therm sales forecast of 77,793,125  
8       results in an estimated gross revenue of \$73,351,138. GAP projected program subsidies  
9       represent 0.50% of the estimated gross revenue. (2) As shown on Attachment NUI-SED-  
10      3, Page 1 of 18, the typical residential heating customer’s annual bill for the November  
11      2024 – October 2025 period is \$1,360.70. Of that amount \$3.53 or 0.26% is attributable  
12      to the GAP.

13  
14   **Q.   Please explain the purpose of the LRR?**

15   **A.**   The purpose of the LRR is to recover lost distribution revenue related to the Company’s  
16      Energy Efficiency programs. This rate mechanism was established in accordance with  
17      Order No. 25,932 in Docket No. DE 15-137 approving a Settlement Agreement which  
18      provides for the implementation of a Lost Revenue Rate adjustment mechanism. As of  
19      July 2022 the Company ceased to accrue lost revenue due to the approval of a revenue  
20      decoupling mechanism. There are no changes to the LRR proposed in this filing.

21  
22

1 **Q. Please explain the purpose of Northern’s ERC.**

2 **A.** The purpose of the ERC is to recover expenditures associated with remediation of former  
3 manufactured gas plants. The ERC is applied to all gas sales and delivery service billed  
4 under the Company’s sales and delivery service rate schedules. The costs submitted for  
5 recovery through the ERC recovery mechanism are presented in the ERC Invoice Filing  
6 submitted in this docket under separate cover. The environmental investigation and  
7 remediation costs that underlie these expenses are the result of efforts by the Company to  
8 respond to its legal obligations at a site located in Rochester, New Hampshire. In total,  
9 the Company has incurred environmental remediation costs of \$22,469 from July 2023  
10 through June 2024. A summary sheet and detailed backup spreadsheets supporting 2023-  
11 2024 costs are provided in the ERC Invoice Filing.

12

13 **Q. Please describe the change to Northern’s ERC rate that is proposed for effect**  
14 **November 1, 2024.**

15 **A.** The current ERC rate is \$0.0023 per therm. Northern proposes to decrease this rate to  
16 \$0.0014 per therm.

17

18 **Q. Please explain the calculation of the proposed ERC rate.**

19 **A.** As stated above, during the period July 1, 2023 through June 30, 2024, ERC expenses  
20 totaled \$22,469. Northern is allowed to recover one-seventh of the actual response costs  
21 incurred by the Company in a twelve-month period ending June 30 of each year until  
22 fully amortized over seven years, plus any insurance and third-party expenses for the

1 year. Due to the amortization of these costs, the ERC rate in this filing includes the  
2 current year (\$22,469 divided by 7, or \$3,210) and six prior years of unamortized  
3 amounts. Any insurance and third-party recoveries or other credits for the year are used  
4 to reduce the unamortized balance. The total ERC cost to be recovered, \$112,375, is  
5 shown in the following table and on Page 1, Line 13, of Attachment NUI-SED-2 ERC  
6 (this schedule is also provided as Schedule 1 in the ERC Invoice Filing).

1/7 ERC costs incurred July 2023 – June 2024	\$3,210
1/7 ERC costs incurred July 2022 – June 2023	\$4,829
1/7 ERC costs incurred July 2021 – June 2022	\$6,919
1/7 ERC costs incurred July 2020 – June 2021	\$16,894
1/7 ERC costs incurred July 2019 – June 2020	\$11,024
1/7/ ERC costs incurred July 2018 – June 2019	\$29,051
1/7/ ERC costs incurred July 2017 – June 2018	\$40,449
<b>Total</b>	<b>\$112,375</b>

7  
8 In addition, the ERC rate includes the prior period reconciliation of ERC costs. The  
9 October 31, 2024 ending balance is estimated to be an over collection of \$3,168, as  
10 shown on Attachment NUI-SED-1 ERC Page 2 of 2. Total ERC costs to be recovered for  
11 the period of November 2024 through October 2025 are \$109,206. Dividing the  
12 recoverable ERC costs by projected total annual sales of 77,793,125 therms results in an  
13 ERC rate of \$0.0014 per therm. This calculation is shown in Attachment NUI-SED-2  
14 ERC, Page 1 of 2.  
15  
16  
17

1 **Q. Please explain the purpose of the RCE?**

2 **A.** The purpose of this provision is to establish a procedure that allows Northern Utilities to  
3 adjust its rates for the recovery of NHPUC-approved rate case expenses. These expenses  
4 were recovered over a 12-month period, November 2022 – October 2023. As approved in  
5 its September 2023 COG Filing, DG 23-085, the Company recovered the remaining RCE  
6 balance through the RAAM. No revisions to this mechanism are proposed for effect  
7 November 1, 2024.

8

9 **Q. Please explain the purpose of the RPC?**

10 **A.** The purpose of this provision is to establish a procedure that allows Northern Utilities to  
11 adjust its rates for the reconciliation of revenues related to a permanent change in the  
12 Company's distribution service rates implemented subsequent to the effective date of  
13 such change. This provision includes the reconciliation for the difference in revenues  
14 charged under temporary versus permanent rates. The RPC will be recovered over a 12-  
15 month period, November 2022 – October 2023, per the Settlement Agreement approved  
16 in DG 21-104. In DG 23-085 the Commission approved the Company's proposal to  
17 continue the RPC for an additional 12 months in order to recover the October 31, 2023  
18 under-collection.

19

20 **Q. Is the Company proposing a change to the RPC effective November 1, 2024?**

21 **A.** Yes, based on the projected October 31, 2024 ending balances the Company proposes to  
22 reduce the RPC to \$0.0000/therm and collect the balance remaining through the RAAM.



1 Please see page 5 of Attachment NUI-SED-1 RAAM for the reconciliation of the RPC  
2 through October 31, 2024. As shown, the ending balance is an over-recovery of  
3 (\$48,038).

4  
5 **Q. Please explain the purpose of the PTAM?**

6 **A.** The purpose of this provision is to establish a procedure that allows Northern Utilities to  
7 recover the increase in local property tax expense associated with HB 700 and RSA 72:8-  
8 d and -e. Please see the Testimony and Schedules of Daniel Nawazelski for a detailed  
9 analysis of the property tax proposed for recovery in the PTAM effective November 1,  
10 2024.

11  
12 **Q. Please explain the calculation of the proposed PTAM rate.**

13 **A.** Attachment NUI-SED-1 PTAM provides the calculation of the PTAM for effect  
14 November 1, 2024. Page 1 provides the calculation of the proposed rate. The property tax  
15 for the period, as shown in Schedule DTN-1, plus the prior period over/under collection,  
16 and a balance remaining of Excess Accumulated Deferred Income Tax, results in a  
17 proposed rate of \$0.0017 per therm. Page 2 provides a reconciliation of the prior period  
18 and support for the ending balance shown on Page 1, line 2.

19  
20 **Q. Please explain the purpose of the RAAM?**

21 **A.** The purpose of the RAAM is to establish a procedure that allows Northern to recover  
22 changes in the annual PUC Regulatory Assessment.

1 **Q. What changes are being proposed to the RAAM?**

2 **A.** The current RAAM is \$0.0010. Northern is proposing a RAAM of \$0.0014 effective  
3 November 1, 2024, an increase of \$0.0004 based on a Non-Distribution Regulatory  
4 Assessment of \$149,040, the RPC ending balance of (\$48,038) as discussed above, and a  
5 prior period under-collection of \$5,772.

6  
7 **Q. Please explain the calculation of the proposed RAAM rate.**

8 **A.** See Attachment NUI-SED-1 RAAM. Page 1 of 5 provides the calculation of the  
9 proposed rate. As shown on line 4, total recoverable expense is \$106,774, divided by the  
10 forecasted sales over the November 1, 2024 through October 31, 2025, results in a rate of  
11 \$0.0014. Page 2 of 5 provides a reconciliation of the current period and support for the  
12 prior period ending balance, Page 1, line 3. Page 3 provides a forecast reconciliation of  
13 the upcoming rate period. Page 4 provides support for the Non-Distribution portion of the  
14 Regulatory Assessment. Based on the latest Regulatory Assessment invoice dated  
15 September 15, 2024, the Non-Distribution portion of the Regulatory Assessment is  
16 \$149,040. Page 5 provides supporting documentation for the RPC balances included in  
17 the total expense to be recovered.

18

19

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21

1   **Q.    Have you prepared typical bill analyses showing the impacts of the proposed COG**  
2       **and LDAC rate changes for effect on November 1, 2024 for typical Residential**  
3       **heating customers over the upcoming Winter Season?**

4    A.    Yes, Attachment NUI-SED-3, page 1 provides the analyses. It shows that a typical  
5       Residential heating customer consuming 494 therms during the 2024/2025 Winter Season  
6       can expect a bill of \$1,050.75. This is an increase of \$53.03, or 5.3% compared to the  
7       2023/2024 Winter Season bill with the same consumption. Residential Non-Heating  
8       customers consuming 111 therms over the winter period can expect a bill of \$380.93, a  
9       decrease of \$1.34 or 0.3% over the 2023-2024 Winter period. Please note that all bill  
10      impacts include the RDAC charges proposed for effect November 1, 2024, filed on or  
11      before September 17<sup>th</sup> under separate docket.

12  
13   **Q.    Have you prepared typical bill analyses showing the impacts of the proposed COG**  
14       **and LDAC for effect on May 1, 2025 for typical Residential heating gas customers**  
15       **over the next Summer Season?**

16   A.    Yes, Attachment NUI-SED-3, page 10 provides this analysis. It shows that a typical  
17       residential heating customer consuming 105 therms during the 2025 Summer Season can  
18       expect a bill of \$309.95. This is an increase of \$21.12, or 7.3% compared to the 2024  
19       Summer Season bill with the same consumption. Non-heating residential customers  
20       consuming 53 therms over the summer period can expect a bill of \$246.28. This is an  
21       increase of \$10.47 or 4.4% over the 2024 Summer period.

22

1 **Q. Have you prepared typical bill analyses showing the impacts of the proposed**  
2 **November 1 rate changes on commercial and industrial customers?**

3 **A.** Yes, Attachment NUI-SED-3, pages 4-9 and pages 13-18 provide the impacts to C&I  
4 customers over the winter and summer periods. As shown, C&I customers will see  
5 decreases of 1.3% to 3.1% during the winter period and increases ranging from 3.5% to  
6 10.7% during the summer period.

7

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

9 **A.** Yes, it does.