

Prefiled Testimony of Joseph F. Conneely

**NORTHERN UTILITIES, INC.
NEW HAMPSHIRE DIVISION
2010 / 2011 WINTER SEASON PROPOSED
COST OF GAS ADJUSTMENT
PREFILED TESTIMONY OF
JOSEPH F. CONNEELY**

1 **I. INTRODUCTION**

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

3 A. My name is Joseph F. Conneely. My business address is 6 Liberty Lane West,
4 Hampton, New Hampshire.

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 and filing reporting requirements.

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 every trading book at Shell Gas and Energy Trading
3 North America in La Jolla, California. I joined Unitil in November 2008.

4

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

7 A. No, this is my first time testifying before the New Hampshire Commission. I
8 have previously testified before the Maine Public Utilities Commission.

9

10 **II. PURPOSE OF TESTIMONY**

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

12 A. The purpose of my testimony is to introduce and describe Northern's proposed
13 changes to its Local Delivery Adjustment Clause tariff (Page No. 56). Northern is
14 proposing changes to its rates for effect November 1, 2010 for the following
15 items: Residential Low Income Assistance Program ("RLIAP") rate; Demand
16 Side Management ("DSM") rate and Environmental Response Cost ("ERC") rate.
17 I will also discuss the impact that the proposed Cost of Gas ("COG") would have
18 on bills on the Company's typical residential customer.

19

20 **Q. Please describe the proposed change to the RLIAP rate.**

21 A. Northern is proposing to decrease the RLIAP rate from \$0.0055 to \$0.0043 per
22 therm effective November 1, 2010.

1

2 **Q. Could you describe the reason for the proposed change to the RLIAP rate?**

3 A. Yes. The Residential Low-Income Assistance Program has been in effect since
4 2005. Northern is not proposing any program changes at this time; however,
5 Northern is proposing to change the RLIAP rate in order to eliminate a currently
6 projected over-collected balance as of October 31, 2010 of \$28,893, as shown on
7 Schedule 16 RLIAP A. Estimated program costs and recoveries are provided in
8 Schedule 16 RLIAP B, Schedule 2 and are based on actual results for the 12-
9 month period ending August 2010.

10

11 **Q. What changes are being proposed for the DSM charges?**

12 A. The Company is proposing to increase the DSM charge for the residential classes
13 from \$0.0185 to \$0.0355 per therm, and increase the charge for the commercial
14 and industrial customer classes from \$0.0054 to \$0.0160 per therm effective
15 November 1, 2010.

16

17 **Q. Please describe the reason for these proposed changes to the DSM rates.**

18 A. The proposed changes to the DSM rates are necessitated by the implementation of
19 Northern's current energy efficiency program budget. That budget is provided
20 in Schedule 16 DSM A. Information regarding the development of the proposed
21 DSM rate for the residential classes is provided in Schedule 16 DSM B.

1 Schedule 16 DSM C provides the support for the proposed DSM rate for the
2 commercial and industrial classes.

3

4 **Q. Please describe the change to Northern's ERC rate that is proposed for effect**
5 **November 1, 2010.**

6 A. The current ERC rate is \$0.0057 per therm. Northern proposes to decrease this
7 charge to \$0.0056 per therm.

8

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

10 A. During the period July 1, 2009 through June 30, 2010, ERC expenses totaled
11 \$189,634. Northern is allowed to recover one-seventh of the actual response
12 costs incurred by the Company in a twelve-month period ending June 30 of each
13 year until fully amortized, plus any insurance and third-party expenses for the
14 year. Any insurance and third-party recoveries, or other benefits for the year, are
15 used to reduce the unamortized balance. The \$367,188 shown on Schedule 1 in
16 the Environmental Response Cost filing is comprised of the following:

1/7th ERC costs incurred July 2009 - June 2010	\$ 27,091
1/7th ERC costs incurred July 2008 - June 2009	\$ 18,247
1/7th ERC costs incurred July 2007 - June 2008	\$ 33,280
1/7th ERC costs incurred July 2006 - June 2007	\$ 26,686
1/7th ERC costs incurred July 2005 - June 2006	\$ 90,352
1/7th ERC costs incurred July 2004 - June 2005	\$ 129,871
1/7th ERC costs incurred July 2003 - June 2004	<u>\$ 41,661</u>
Total	\$367,188

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1 The prior period reconciliation of ERC costs, an over collection of \$36,705, is
2 included in the annual ERC costs resulting in net ERC costs to be recovered from
3 customers during the period of November 2010 through October 2011 of
4 \$330,483. Dividing these recoverable ERC costs by total annual sales of
5 58,898,383 therms yields an ERC rate of \$0.0056 per therm. This calculation is
6 illustrated in Schedule 16 ERC.

7

8 **Q. Have you prepared typical bill analyses showing the impacts of the proposed**
9 **COG and LDAC rate changes for effect on November 1, 2010 for typical gas**
10 **customers?**

11 A. Yes, Schedule 8 provides the analyses.

12

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

14 A. Yes, it does.