

UNITIL ENERGY SYSTEMS, INC.

**DIRECT TESTIMONY OF
LINDA S. MCNAMARA**

New Hampshire Public Utilities Commission

Docket No. DE 08-015

December 5, 2008

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LIST OF SCHEDULES

Schedule LSM-1: Redline Default Service Tariffs

Schedule LSM-2: G1 Class Retail Rate Calculations

Schedule LSM-3: Class 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 I 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, 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' G1 Large General Service Class Default Service Charge ("DSC") effective
3 February 1, 2009.

4

5 **III. RETAIL RATE CALCULATIONS**

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

7 A. Schedule LSM-1, Page 1 of 1, shows the proposed G1 Variable DSC of \$0.10811
8 per kWh in February 2009, \$0.09527 per kWh in March 2009, and \$0.09431 per
9 kWh in April 2009. There is no fixed option DSC for the G1 class.

10

11 **Q. How do the G1 DSC compare to the current rate?**

12 A. The current DSC, based on a simple three-month average, is \$0.10923 per kWh.
13 The proposed rate, based on a simple three-month average, is \$0.09923 per kWh.
14 This is a decrease of \$0.01000 per kWh, on average, from the current rate. The
15 decrease reflects current market prices.

16

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

18 A. The rate calculations for the Variable DSC are provided on Schedule LSM-2,
19 Page 1. The Variable Charge is calculated by dividing the costs for each month,

1 including a partial reconciliation of costs and revenues through January 31, 2008¹,
2 by the estimated G1 kWh purchases for the corresponding month. An estimated
3 loss factor of 4.591% is then added to arrive at the proposed retail Variable
4 Charges.

5

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

8 A. The details of forecasted costs for the period February through April 2009 are
9 provided on Schedule LSM-2, Page 2. Line items for the various costs
10 included in default service are shown and include: Total G1 Class DS Supplier
11 Charges, GIS Support Payments, Renewable Energy Credits (“RECs”),
12 Supply Related Working Capital, Provision for Uncollected Accounts,
13 Internal Company Administrative Costs, Legal Charges, and Consulting
14 Outside Service Charges.

15

16 **Q. How is supply-related working capital calculated?**

¹ In its March 14, 2008 filing, UES provided the G1 Class reconciliation balance as of January 31, 2008, as adjusted, in the amount of \$429,961. UES apportioned the balance of \$429,961 based on kWh over the twelve month period May 2008 through April 2009 as follows: \$109,104 in May-July 2008, \$115,617 in August-October 2008, \$102,155 in November 2008-January 2009, and \$103,085 in February-April 2009. As shown on Schedule LSM-2, Page 1, the reconciliation amount used in this filing is \$103,085.

1 A. UES has calculated total supply-related working capital as the sum of working
2 capital for Total G1 Class DS Supplier Charges plus GIS Support Payments,
3 and working capital for RECs.

4
5 Working capital for Total G1 Class DS Supplier Charges and GIS Support
6 Payments is calculated by multiplying the product of Total G1 Class DS
7 Supplier Charges plus GIS Support Payments and the number of days lag
8 divided by 365 days (i.e. the working capital requirement) by the prime rate.
9 This portion of the working capital calculation uses the 2006 Lead/Lag result
10 of 13.49 days.

11
12 Working capital for RECs is calculated by multiplying the product of RECs
13 and the number of days lead divided by 365 days (i.e. the working capital
14 requirement) by the prime rate. Schedule LSM-2, Page 3 shows the
15 calculation of the number of days lead used to calculate working capital for
16 RECs. These figures were developed based on the assumption that RECs
17 would be paid on the compliance date of July 1.

18
19 **Q. How much of the proposed rate is the result of RECs?**

20 A. For the G1 class, total RECs for the period February through April 2009 is
21 estimated to be \$44,990. From a retail rate standpoint, for the period, this

1 calculates to be \$0.00198 per kWh ($\$0.00198 \text{ per kWh} = (\$44,990 /$
2 $23,855,635) * (1 + 4.591\%)$).

3

4 **IV. BILL IMPACTS**

5 **Q. Have you included any bill impacts associated with the proposed rate**
6 **changes?**

7 A. Schedule LSM-3 provides typical bill impacts as a result of changes to the DSC.
8 Page 1 provides a table comparing existing rates to the proposed rates for the G1
9 class, as well as the impact on a G1 class typical bill. As shown, G1 class
10 customers who do not choose a competitive supplier will see decreases of
11 approximately 6.5 percent. Page 2 of Schedule LSM-3 provides the typical bill
12 impacts for the G1 class for a range of usage levels. These impact analyses are
13 based upon the simple three-month average DSC.

14

15 **V. CONCLUSION**

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

17 A. Yes, it does.