

UNITIL ENERGY SYSTEMS, INC.

DIRECT TESTIMONY OF

DOUGLAS J. DEBSKI

New Hampshire Public Utilities Commission

Docket No. DE 16-384

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I. INTRODUCTION

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

A. My name is Douglas J. Debski. I am a Senior Regulatory Analyst for Unitil Service Corp., an affiliate of Unitil Energy Systems, Inc. ("Unitil Energy" or the "Company"). My business address is 6 Liberty Lane West, Hampton, New Hampshire, 03842-1720. Both Companies are subsidiaries of Unitil Corporation.

Q. Please describe your educational and professional background.

A. In 1987, I graduated *cum laude* from the University of New Hampshire with a Bachelor of Science Degree in Mathematics. I have attended the Georgia Institute of Technology "Sampling Methods and Statistical Analysis in Power Systems Load Research" course and the "Advanced Sample Design and Analysis Techniques of Load Research" course sponsored by the Association of Edison Illuminating Companies Load Research Committee.

Q. Please describe your professional background.

A. I joined Unitil Service Corp. in May 1988 and have held numerous positions in the Rates and Regulatory Service Department while progressing in responsibilities to my current position. Since that time, I have prepared numerous regulatory filings, tariffs, price analyses and design, load research studies and analyses, bill frequency analyses and load forecasting for, or on behalf of, the

1 Company and Unitil Corporation's other utility affiliates, Northern Utilities, Inc.
2 and Fitchburg Gas and Electric Light Company.
3

4 **Q. Have you previously testified before the Commission or any other regulatory**
5 **body?**

6 A. Yes, I have previously presented Testimony before the New Hampshire Public
7 Utilities Commission ("Commission"). I have also prepared and presented
8 testimony before both the Maine Public Utilities Commission and the
9 Massachusetts Department of Public Utilities.
10

11 **II. SCOPE OF TESTIMONY**
12

13 **Q. What is your responsibility in connection with this proceeding?**

14 A. I am presenting the bill impact analyses of the Company's rate proposals here. I
15 am also discussing the tariff revisions and new tariff provisions proposed by the
16 Company.
17

18 **Q. Please outline the organization of your Testimony and Schedules.**

19 A. In addition to Exhibit DJD-1, the written testimony here, I am presenting one
20 schedule. Schedule DJD-1 demonstrates the proposed bill impacts by rate class
21 for various consumption levels.

III. PROPOSED TARIFF CHANGES

Q. Could you please give a brief overview of the Company's proposed tariff changes?

A. Yes, the Company is proposing changes to the following tariffs in this proceeding: Summary of Delivery Service Rates, Summary of Low-Income Electric Assistance Program Discounts, Delivery service schedules Domestic D, Domestic DDER (new), General Service G, Outdoor Lighting OL, and Light Emitting Diode Outdoor Lighting LED (new). The Company is also revising some provisions of the Terms and Conditions for Delivery Service, some provisions of the Terms and Conditions for Supplier Service, External Delivery Charge - Schedule EDC, and Rates Applicable to Qualifying Facilities - Schedule QF. Finally, Supplement No. 2 for a temporary rate surcharge is included here. The tariff index is also modified accordingly.

Q. Please describe the change to the delivery service rate schedules.

A. First off, the Company is modifying its Summary of Delivery Service Rates and Summary of Low-Income Electric Assistance Program Discounts Schedules to reflect the new distribution charges proposed here. The Company is also proposing changes to its delivery service class rate schedules to accommodate the new distribution rates proposed in this proceeding. Proposed customer, volumetric and demand charges are reflected here as well as a proposed revision

1 to the general service transformer ownership credit for customers who own their
2 transformer. There are also new schedules added for Domestic Distributed
3 Energy Resources DDER and Light Emitting Diode Outdoor Lighting Delivery
4 Service LED. Schedule DDER outlines the new provisions for residential
5 customers which install on-site generation resources not eligible for net metering
6 under New Hampshire statutory maximum capacity requirements. It would also
7 apply to customers who install generation sources of types not eligible for net
8 metering. The need for DDER service and its rate is discussed in the testimony of
9 Mr. Edwin Overcast. Schedule LED provides the terms and conditions for Unitil
10 Energy's new energy efficient Light Emitting Diode ("LED") outdoor lighting
11 service options. There are nine new types of fixture offerings for customers
12 wishing to switch to more energy efficient outdoor lighting. Mr. John Closson
13 discusses the need for LED options in more depth in his testimony. Mr. Overcast
14 discusses the LED rates.

15
16 **Q. Please describe why the monthly billing kWh for the Outdoor Lighting class**
17 **is being modified.**

18 A. Since the Company is offering new LED service options, it had to determine the
19 billable kWh for these new lights. In consultation with its outdoor lighting
20 vendors regarding the time windows that the photocells for the lights operate, it
21 was determined that the photocells generally operate from about one quarter hour
22 after sunset to one quarter hour before sunrise under perfect weather conditions,

1 changing the annual operating hours assumptions slightly. In addition, the vendor
2 provided updated connected load data for each of the lighting fixtures in the
3 current tariff, as well as the new LED. These connected load figures were
4 multiplied times the new estimate of annual burn hours, 4150 for all-night service
5 option, to derive annual kWh which was then divided by 12 to arrive at monthly
6 kWh. kWh for the midnight service option is derived using the same percentage
7 currently in place, 46.4%.

8
9 **Q. Does the Company plan to change these billable kWh in the future?**

10 A. The Company is considering a variable monthly or quarterly kWh for billing
11 outdoor lighting Customers, but is deferring this revenue neutral proposal until it
12 has in operation its new Customer Information System which can more easily
13 accommodate such billing architecture.

14
15 **Q. Are there any proposed changes to the residential kWh block structure?**

16 A. Yes, Until Energy has proposed to change the current structure which utilizes an
17 inclining block, or lifeline, rate structure (where the first 250 kWh is priced at one
18 rate and any kWh in excess of 250 is priced at a different rate) to a flat charge per
19 kWh rate. This rate structure change is discussed in the testimony of Mr.
20 Overcast.

1 **Q. Does this residential rate proposal impact an issue raised by the NHPUC**
2 **Audit Division with respect to rounding of the Storm Recovery Adjustment**
3 **Factor ("SRAF")?**

4 A. Yes. If this residential rate proposal is approved, the issue raised by the Audit
5 Division will be resolved. Specifically, in the NHPUC Audit Staff Final Report
6 for Unitil Energy's Major Storm Cost Reserve and SRAF, issued on April 28,
7 2015, it was noted that the SRAF is being applied to each of the rate blocks; that
8 is, the first 250 kWh and all kWh thereafter, separately. This results in the first
9 250 kWh for all bills over 250 kWh, consistently rounding down the SRAF
10 charge by \$0.0025, from \$0.5525 to the whole penny equivalent of \$0.5500 as
11 shown in the following example: $250 \text{ kWh} * \$0.00221 = \0.5525 per bill over 250
12 kWh. \$0.5525 has less than one half cent beyond the second decimal, therefore it
13 is rounded down to \$0.55. For 2014, the time period for the NHPUC Audit Staff
14 Report, there were 515,134 bills with use greater than 250 kWh, resulting in
15 \$1,288 of rounding. A concern was raised by the NHPUC Audit Staff that the
16 2014 SRAF revenue collected was less than it would have been if the rate been
17 applied to the total kWh, resulting in a small amount of additional interest being
18 charged on the outstanding balance, as well as possible extension of the SRAF
19 beyond its anticipated recovery date of 2019 or longer if additional storms are
20 included. The Audit Division recommended that that Company petition the
21 Commission Staff to separate the SRAF from the Delivery Service rate. The
22 Company respectfully disagreed with Audit's recommendation for various

1 reasons, including that that SRAF is a fully reconciling rate, the amount is small,
2 and the costs and resources to make changes. In its final comment, Audit
3 appreciated the response and agreed that bringing the issue to Commission Staff
4 during the next base rate case would be a prudent use of resources for all parties
5 and rate payers. As indicated above, the Company proposes to eliminate the
6 residential block rate for Delivery Service. Thus, if approved, the SRAF would
7 also be billed on total kWh which resolves the rounding issue raised by the Audit
8 Division.

9
10 **Q. What changes is the Company proposing to the External Delivery Charge**
11 **tariff, Schedule EDC?**

12 A. The Company clarifies that the over- or under-recovery of costs of the Vegetation
13 Management Program and Reliability Enhancement Program, already reconciled
14 in the EDC, are extended beyond the years 2013-2015. See the testimony of Mr.
15 David Chong. The EDC is also modified to include Active Hardship Protected
16 Accounts whose receivable balances will be collected in base rates. Any
17 payments made by customers towards the amortized balance will be credited. See
18 the testimony of Mr. Daniel Main.

19
20 **Q. What changes is the Company proposing to the tariff for Rates Applicable to**
21 **Qualifying Facilities, Schedule QF?**

1 A. Schedule QF is modified here for a variety of housekeeping reasons. First, net
2 metering in New Hampshire has been expanded up to One Megawatt in size (from
3 25 kilowatts) for eligible renewable power sources installed behind the customer
4 meter since schedule QF was last approved. In addition, current and proposed
5 legislation and rules, and quite possibly future legislation and rules, provide for
6 maximum capacity of installed kW statewide allowable under Net Energy
7 Metering. The revisions here provide flexibility and detail on how customers
8 which are no longer eligible for Net Energy Metering will be treated. The tariff
9 now also clarifies how the short-run energy rate to be paid or credited for surplus
10 kWh in a billing cycle will be calculated and that it will be for the ISO-NE New
11 Hampshire load zone. Lastly, the tariff adds that the Company will use the “net
12 metering method” of Small Customer Generators, as defined in Chapter Puc 900,
13 for customers with installed generation of One Megawatt or less nameplate
14 capacity rating.

15
16 **Q. What changes is the Company proposing to the Terms and Conditions for**
17 **Distribution Service?**

18 A. In addition to the minor housekeeping text changes shown, the Company proposes
19 to update Appendix A and Appendix B of its Terms and Conditions for
20 Distribution Service. Regarding Appendix A, the existing Account Restoration
21 and Unscheduled Meter Read Charges do not reflect the current cost of providing
22 the service. Company records indicate the existing charges have been in effect

1 since at least 2002. The updated charges proposed in this proceeding are more in
2 line with current costs. Please note that virtually all such service is provided
3 during normal business hours. Regarding Appendix B, the Company proposes to
4 revise its line extension policy to reflect today's current business practices and
5 changes requested by Commission Staff in docket IR 14-190.

6
7 **Q. What changes is the Company proposing to the Terms and Conditions for**
8 **Supplier Service?**

9 A. In Appendix B of the Terms and Conditions for Supplier Service, the existing
10 charges for Enhanced Metering Service (Remote Access Metering and Pulse
11 Output Service) and Interval Data Service do not reflect the current cost of
12 providing the services. Similar to the charges mentioned above, these existing
13 fees have been in effect for almost the same amount of time. The updated fees
14 proposed in this proceeding are shown on proposed Revised Pages 44, 45 and 46
15 of the Company tariff. Please note that only Interval Data Service has been
16 requested by certain customers since the inception of these fees.

17
18 **Q. Is the Company requesting that temporary rates be set in this proceeding?**

19 A. Yes. The Company requests that temporary rates be established in the amount of
20 \$3,010,561 on an annualized basis to become effective on July 1, 2016. The
21 development of the temporary rate amount is detailed in Schedule DLC-4. This

1 amount, when divided by the test year kWh of 1,214,203,082, yields a temporary
2 surcharge of \$0.00248, which is shown in tariff Supplement No. 2.

3
4 **Q. Have you included all tariff changes resulting from this rate case?**

5 A. No. In addition to those tariff changes filed here, Unitil Energy will file a rate
6 case surcharge tariff at the conclusion of this proceeding to recover rate case costs
7 and the recoupment and reconciliation of temporary and permanent rates when the
8 final amounts are known.

9
10 **IV. BILL IMPACTS**

11
12 **Q. Have you prepared an estimate of the bill impacts associated with this rate**
13 **proposal?**

14 A. Yes. Schedule DJD-1 shows the bill impacts by rate class of the distribution
15 changes proposed here. Of note with these pages, other than for the G1 class, the
16 different levels of consumption and demand shown reflect individual bills falling
17 within each category based on a 2015 bill frequency analysis I performed. It is
18 probable that any individual customer other than the smallest consistent
19 consumers will fall within different categories shown here due to the seasonal
20 nature of some customer consumption patterns.

21
22 **Q. What are the ranges of bill impacts for each customer class?**

A. The summary table below shows the percent range of bill impacts by customer class. Schedules DDER and LED are not represented here since the Company does not currently have any Customers on either rate schedule. A typical 600 kWh residential bill would see an impact of \$5.27, or 5.0%.

<u>Rate Class</u>	<u>Impact Range</u>
Domestic D	0.1 to 29.5%
General Service G2	0.8 to 19.7%
General Service G2 kWh meter	-17.9 to 27.1%
General Service G2 QRWH&SH	0.9 to 15.2%
General Service G1	1.1 to 7.3%
Outdoor Lighting OL	0.1 to 19.8%

Q. Does this conclude your testimony?

A. Yes it does.