

**UNITIL ENERGY SYSTEMS, INC.**

**DIRECT TESTIMONY OF  
LINDA S. MCNAMARA**

**New Hampshire Public Utilities Commission**

**Docket No. DE 11-028**

**December 9, 2011**

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## **LIST OF SCHEDULES**

**Schedule LSM-1: Redline Tariff**

**Schedule LSM-2: G1 Class Retail Rate Calculations - Power Supply Charge**

**Schedule LSM-3: G1 Class Retail Rate Calculations - Renewable Portfolio**

**Standard Charge**

**Schedule LSM-4: 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 II 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, 2012, as reflected in the redline tariff provided as Schedule LSM-1.  
4

5 **II. RETAIL RATE CALCULATIONS**

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

7 A. Schedule LSM-1 shows the proposed G1 Variable DSC of \$0.06729 per kWh in  
8 February 2012, \$0.06697 per kWh in March 2012, and \$0.06744 per kWh in  
9 April 2012. There is no fixed option DSC for the G1 class.  
10

11 The proposed DSC are comprised of two components: A Power Supply Charge  
12 and a Renewable Portfolio Standard ("RPS") Charge.  
13

14 **Q. What is the proposed Power Supply Charge and RPS Charge?**

15 A. Schedule LSM-1 shows the proposed G1 Variable Power Supply Charges of  
16 \$0.06338 per kWh in February 2012, \$0.06306 per kWh in March 2012, and  
17 \$0.06353 per kWh in April 2012.  
18

19 Also shown on Schedule LSM-1 is the proposed G1 Variable RPS Charge of  
20 \$0.00391 per kWh in February, March, and April 2012.  
21

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

1 A. The current DSC, based on a simple three-month average, is \$0.08236 per kWh.  
2 The proposed rate, based on a simple three-month average, is \$0.06723 per kWh.  
3 This is a decrease of \$0.01513 per kWh, on average, from the current rate. The  
4 decrease reflects current market prices.  
5

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

7 A. The rate calculations for the Variable Power Supply Charges are provided on  
8 Schedule LSM-2, Page 1. The rate calculations for the Variable RPS Charges are  
9 provided on Schedule LSM-3, Page 1. Both charges are calculated in the same  
10 manner.  
11

12 The Variable Charge is calculated by dividing the costs for each month, including  
13 a partial reconciliation of costs and revenues through January 31, 2011<sup>1</sup>, by the

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<sup>1</sup> In its March 11, 2011 filing, UES provided the G1 Class Power Supply Charge reconciliation balance as of January 31, 2011, as adjusted, in the amount of (\$14,609). UES apportioned this balance based on kWh over the twelve month period May 2011 through April 2012 as follows: (\$3,867) in May-July 2011, (\$3,832) in August-October 2011, (\$3,469) in November 2011-January 2012, and (\$3,440) in February-April 2012. As shown on Schedule LSM-2, Page 1, the reconciliation amount used in this filing is (\$3,440). Also in its March 11, 2011 filing, UES provided the G1 Class RPS Charge reconciliation balance as of January 31, 2011, as adjusted, in the amount of \$45,101. UES apportioned this balance based on kWh over the twelve month period May 2011 through April 2012 as follows: \$11,939 in May-July 2011, \$11,831 in August-October 2011, \$10,710 in November 2011-January 2012, and \$10,621 in February-April 2012. As shown on Schedule LSM-3, Page 1, the reconciliation amount used in this filing is \$10,621.

1 estimated G1 kWh purchases for the corresponding month. An estimated loss  
2 factor of 4.591% is then added to arrive at the proposed retail Variable Charges.  
3

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

6 A. The details of forecasted costs included in the Power Supply Charge for the  
7 period February through April 2012 are provided on Schedule LSM-2, Page 2.  
8 Line items for the various costs included in default service are shown and  
9 include: Total G1 Class DS Supplier Charges, GIS Support Payments, Supply  
10 Related Working Capital, Provision for Uncollected Accounts, Internal  
11 Company Administrative Costs, Legal Charges, and Consulting Outside  
12 Service Charges.  
13

14 **Q. Have you provided support for the total forecast costs shown on Page 1,**  
15 **line 2 of Schedule LSM-3?**

16 A. The details of forecasted costs included in the RPS Charge for the period  
17 February through April 2012 are provided on Schedule LSM-3, Page 2. Costs  
18 include Renewable Energy Credits (“RECs”) and the associated Working  
19 Capital.  
20

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1    **Q.     How is working capital calculated?**

2    A.     Working capital included in the Power Supply Charge equals the sum of  
3           working capital for Total G1 Class DS Supplier Charges plus GIS Support  
4           Payments, as shown on Schedule LSM-2, Page 2. It is calculated by  
5           multiplying the product of Total G1 Class DS Supplier Charges plus GIS  
6           Support Payments and the number of days lag divided by 365 days (i.e. the  
7           working capital requirement) by the prime rate.

8  
9           The calculation of working capital for RECs is included in the RPS Charge  
10          and is shown on Schedule LSM-3, Page 2. It is calculated by multiplying the  
11          product of RECs and the number of days lead divided by 365 days (i.e. the  
12          working capital requirement) by the prime rate.

13  
14          The calculation of working capital included in the Power Supply Charge and  
15          the RPS Charge both rely on the results of the 2010 Default Service and  
16          Renewable Energy Credits Lead Lag Study. The G1 class Power Supply  
17          Charge working capital calculation uses 5.40 days and the G1 class RPS  
18          Charge working capital calculation uses (314.32) days.

19

20    **IV.    BILL IMPACTS**

21    **Q.     Have you included any bill impacts associated with the proposed DSC rate**  
22    **changes?**

1 A. Schedule LSM-4 provides typical bill impacts as a result of changes to the G1  
2 Class DSC. Page 1 provides a table comparing existing rates to the proposed  
3 rates for the G1 class, as well as the impact on a G1 class typical bill. Page 2 of  
4 Schedule LSM-4 provides the typical bill impacts for the G1 class for a range of  
5 usage levels, comparing proposed rates to current rates. As shown, G1 class  
6 customers who do not choose a competitive supplier will see decreases ranging  
7 from 10.9 to 13.3 percent depending upon usage. These impact analyses are  
8 based upon the simple three-month average DSC. Page 3 of Schedule LSM-4 is a  
9 comparison of the proposed rates to rates in effect during the same period last  
10 year. Similar to Page 2, it provides the typical bill impacts for the G1 class for a  
11 range of usage levels and the DSC used is based upon the simple three-month  
12 average. As shown, G1 class customers who do not choose a competitive supplier  
13 will see decreases ranging from 5.4 to 6.8% compared to last year, which is due to  
14 a combination of decreases to distribution rates, default service prices, external  
15 delivery charge prices and stranded cost charges.

16  
17  
18 **V. CONCLUSION**

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

20 A. Yes, it does.