

**UNITIL ENERGY SYSTEMS, INC.**

**DIRECT TESTIMONY OF  
LINDA S. MCNAMARA**

**New Hampshire Public Utilities Commission**

**Docket No. DE 21-041**

**April 2, 2021**

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Standard Charge**

**Schedule LSM-6: 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 for 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's Default Service Charge ("DSC") effective June 1, 2021 as reflected in the  
3 redline tariffs provided as Schedule LSM-1.

4

5 **Q. Is UES proposing any other tariff changes for effect June 1, 2021?**

6 A. Yes. UES's Summary of Low-Income Electric Assistance Program Discounts,  
7 incorporating the proposed June 1 Non-G1 (Residential) DSC, would also be  
8 affected by this change. However, because other changes that will affect this  
9 page are currently pending in DE 18-036 for effect May 1, 2021, UES plans to  
10 file this in compliance with a Commission order.<sup>1</sup>

11

12 **III. RETAIL RATE CALCULATIONS**

13 **Q. What are the proposed Non-G1 Class DSC?**

14 A. As shown on Schedule LSM-1, Page 1, the proposed Residential Class fixed Non-  
15 G1 DSC is \$0.07091, or 7.091¢, per kWh and the proposed G2 and Outdoor  
16 Lighting ("OL") Class fixed Non-G1 DSC is \$0.05992, or 5.992¢, per kWh for  
17 the period June 1, 2021 through November 30, 2021. The proposed Residential  
18 Class variable Non-G1 DSC and the proposed G2 and OL Class variable Non-G1  
19 DSC for this same period are also shown on this page.

20

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<sup>1</sup> The Company notes that, under separate cover, it is filing today for an increase in annual base revenues in docket DE 21-030. In its Petition in that case, the Company is requesting an increase in revenues through the setting of temporary rates effective June 1, 2021, pursuant to RSA 378:27.

1 The proposed DSC are comprised of two components, as shown on Schedule  
2 LSM-1, Page 1: A Power Supply Charge and a Renewable Portfolio Standard  
3 (“RPS”) Charge.

4

5 **Q. What are the proposed Power Supply Charges and RPS Charge?**

6 A. For the period June 1, 2021 through November 30, 2021, the proposed Residential  
7 Class fixed Non-G1 Power Supply Charge is \$0.06332, or 6.332¢, per kWh, the  
8 proposed G2 and OL Class fixed Non-G1 Power Supply Charge is \$0.05233, or  
9 5.233¢ per kWh, and the proposed fixed Non-G1 RPS Charge is \$0.00759, or  
10 0.759¢ per kWh. These figures, as well as the variable amounts for the same  
11 period, are shown on Schedule LSM-1, Page 1.

12

13 **Q. How do the proposed Non-G1 fixed DSC rates compare to the Non-G1 fixed**  
14 **DSC rates in effect last summer?**

15 A. The Residential Class fixed Non-G1 DSC in effect last summer, June 2020  
16 through November 2020, was \$0.06987, or 6.987¢, per kWh. The proposed  
17 Residential Class fixed Non-G1 DSC of \$0.07091, or 7.091¢, per kWh is an  
18 increase of \$0.00104, or 0.104¢ per kWh.

19

20 The G2 and OL Class fixed Non-G1 DSC in effect last summer, June 2020  
21 through November 2020, was \$0.05874, or 5.874¢, per kWh. The proposed G2  
22 and OL Class fixed Non-G1 DSC of \$0.05992, or 5.992¢, per kWh is an increase  
23 of \$0.00118, or 0.118¢, per kWh.

1

2 **Q. How do the proposed Non-G1 fixed DSC rates compare to the current rate?**

3 A. The proposed Residential Class fixed Non-G1 DSC of \$0.07091, or 7.091¢, per  
4 kWh is a decrease of \$0.02224, or 2.224¢, per kWh from the current DSC of  
5 \$0.09315, or 9.315¢, per kWh. The proposed G2 and OL Class fixed Non-G1  
6 DSC of \$ \$0.05992, or 5.992¢, per kWh is a decrease of \$0.02710, or 2.710¢, per  
7 kWh from the current DSC of \$0.08702, or 8.702¢, per kWh. These decreases  
8 reflect lower contract costs for the period June 1, 2021 through November 30,  
9 2021 compared to the contract costs for the current period December 1, 2020  
10 through May 31, 2021.

11

12 **Q. Please describe the calculation of the Non-G1 class DSC.**

13 A. The rate calculations for the Non-G1 class Power Supply Charges, fixed and  
14 variable, are provided on Schedule LSM-2, Page 1. The rate calculations for the  
15 Non-G1 class RPS Charges, fixed and variable, are provided on Schedule LSM-3,  
16 Page 1. Both charges are calculated in a similar manner.

17

18 Variable pricing is calculated by dividing the total costs for the month, including a  
19 partial reconciliation of costs and revenues through February 28, 2021, by the  
20 estimated monthly kWh purchases for the Residential Class and the G2 and OL  
21 Class. An estimated loss factor of 6.4% is then added to arrive at the proposed  
22 retail variable charges. Fixed pricing is calculated in a similar manner, except  
23 that the calculation is based on each class's total for the entire six month period.

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**Q. Have you made any adjustments to the reconciliation balances included in the Power Supply and RPS charges?**

A. In order to determine the reconciliation amount included in the Non-G1 class power supply charge, the reconciliation balance as of February 28, 2021 was adjusted to recognize that estimated revenue in March, April, and May 2021 should exceed costs for this same period by an estimated \$1,607,893. This adjustment recognizes that estimated costs for March, April and May 2021 are below the average cost for the entire period, December 2020-May 2021, while revenue will be primarily based on the fixed Power Supply Charge, of which most Non-G1 customers pay, and is determined using an average of costs for the entire December 2020-May 2021 period. This adjustment brings the expected reconciliation balance from \$454,159 to (\$1,153,734).

In order to determine the reconciliation amounts included in the Non-G1 class RPS, the reconciliation balance as of February 28, 2021 was adjusted to recognize that the current RPS charges, in effect through May 31, 2021, include a charge for an undercollection.

Since UES reconciles its costs on an annual basis, only a portion of the total reconciliation balances are reflected in the proposed Power Supply and RPS rates. UES apportioned the Power Supply balance and the RPS balance based on kWh over the twelve month period June 2021 through May 2022. The Power Supply

1 reconciliation balance is further divided between the Residential Class and the  
2 G2/OL Class, based on kWh. This calculation is provided on Page 1 of Schedule  
3 LSM-2 for Power Supply and Page 1 of Schedule LSM-3 for RPS.

4

5 **Q. Have you provided details on the reconciliation?**

6 A. Support for the February 28, 2021 Non-G1 class power supply reconciliation  
7 balance is provided on Schedule LSM-2, Page 2. Support for the February 28,  
8 2021 Non-G1 class RPS reconciliation balance is provided on Schedule LSM-3,  
9 Page 2. As described above, those figures have been adjusted in order to arrive at  
10 the figures for collection beginning June 1, 2021. Details for costs for the period  
11 March 2020 through February 2021 are provided on Page 3 of Schedule LSM-2  
12 and LSM-3. Page 4 of Schedule LSM-2 and LSM-3 provides revenue details.

13

14 **Q. How does UES account for credits to net metering customers?**

15 A. The Company includes in the Total Non-G1 Class DS Supplier Charges, in the  
16 Non-G1 Class Power Supply Charge, the amounts credited to, or paid to, small  
17 customer generator net metering customers with an excess of 600 kWh banked at  
18 the end of the March billing cycle who opt to be credited or paid in accordance  
19 with the PUC 900 rules. In addition, UES includes any monthly amounts credited  
20 to, or paid to, large customer generators or group net metering customers  
21 including any required annual credit reconciliation in accordance with PUC 900.  
22 For the period March 2020 through February 2021, these amounts totaled  
23 \$70,753.51.



1

2 **Q. Have you provided support for the total forecast costs shown on Page 1,**  
3 **lines 2 and 10 of Schedule LSM-2?**

4 A. The details of forecasted costs for the period June 1, 2021 through November  
5 30, 2021 are provided on Schedule LSM-2, Page 5. Line items for the various  
6 costs included in default service are shown and include: Non-G1 Class  
7 (Residential) DS Supplier Charges, Non-G1 Class (G2 and OL) DS Supplier  
8 Charges, GIS Support Payments, Supply Related Working Capital, Provision  
9 for Uncollected Accounts, Internal Company Administrative Costs, Legal  
10 Charges, Consulting Outside Service Charges, and the default service portion  
11 of the annual PUC Assessment allocated to the Non-G1 Class.

12

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

15 A. The details of forecasted costs for the period June 1, 2021 through November  
16 30, 2021 are provided on Schedule LSM-3, Page 5. Costs include RECs and  
17 the associated working capital.

18

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

20 A. Working capital included in the Power Supply Charge equals the sum of  
21 working capital for Non-G1 Class (Residential) DS Supplier Charges, plus

1 Non-G1 Class (G2 and OL) DS Supplier Charges<sup>2</sup>, plus GIS Support  
2 Payments, as shown on Schedule LSM-2, Pages 3 and 5. It is calculated by  
3 taking the product of Non-G1 Class (Residential) DS Supplier Charges plus  
4 Non-G1 Class (G2 and OL) DS Supplier Charges plus GIS Support Payments  
5 and the number of days lag divided by 365 days (i.e. the working capital  
6 requirement) and multiplying it by the prime rate.

7

8 The calculation of working capital for RECs is included in the RPS Charge  
9 and is shown on Schedule LSM-3, Pages 3 and 5. It is calculated by taking  
10 the product of RECs and the number of days lead divided by 365 days (i.e. the  
11 working capital requirement) and multiplying it by the prime rate.

12

13 The calculation of working capital included in the Power Supply Charge and  
14 the RPS Charge for the period beginning June 1, 2021 both rely on the results  
15 of the 2020 Default Service and Renewable Energy Credits Lead Lag Study,  
16 presented by Mr. Nawazelski. The Non-G1 class Power Supply Charge  
17 working capital calculation uses 22.80 days and the Non-G1 class RPS Charge  
18 working capital calculation uses (228.65) days.

19

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

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<sup>2</sup> In actuals, the supplier charges are provided in total in the column "Total Non-G1 Class DS Supplier Charges".

1 A. The proposed G1 class DSC are comprised of two components, as shown on  
2 Schedule LSM-1, Page 3: A Power Supply Charge and a Renewable Portfolio  
3 Standard (“RPS”) Charge. The wholesale supplier charge included in the Power  
4 Supply Charge will be determined each month based on the sum of fixed monthly  
5 adders and variable energy prices, and therefore, the total DSC for the G1 class is  
6 not known at this time.

7

8 **Q. What is the proposed Power Supply Charge, exclusive of supplier charges,  
9 and RPS Charge?**

10 A. Schedule LSM-1, Page 3, shows the proposed G1 Power Supply Charges,  
11 excluding the supplier charge component, of \$0.00336, or 0.336¢, per kWh in  
12 June 1, 2021 through November 30, 2021. The wholesale supply charge  
13 determined each month will be added to this amount to yield the monthly G1 class  
14 Power Supply Charge.

15

16 Also shown on Schedule LSM-1, Page 3, is the proposed G1 RPS Charge of  
17 \$0.00734, or 0.734¢, per kWh in June 1, 2021 through November 30, 2021.

18

19 **Q. Have you prepared a comparison of the proposed G1 DSC to the current  
20 rate?**

21 A. No. As the total G1 class DSC is not yet known, a comparison to current rates  
22 was not performed.

23

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

2 A. The rate calculations for the Power Supply Charges, excluding wholesale supplier  
3 charges, are provided on Schedule LSM-4, Page 1. The rate calculations for the  
4 RPS Charges are provided on Schedule LSM-5, Page 1. Both charges are  
5 calculated in the same manner.

6  
7 Each charge is calculated by dividing the costs for each month, including a partial  
8 reconciliation of costs and revenues through February 28, 2021, by the estimated  
9 G1 kWh purchases for the corresponding month. An estimated loss factor of  
10 4.591% is then added to arrive at the proposed retail charges.

11  
12 Similar to the Non-G1 power supply and RPS balances, the G1 class power  
13 supply and RPS reconciliation balances as of February 28, 2021 were adjusted in  
14 order to determine the reconciliation amount for this filing. Adjustments were  
15 made to reflect that the current DSC include reconciliation of the February 29,  
16 2020 power supply and RPS balances, and to incorporate the difference between  
17 the estimated supplier cost and revenue in March 2021. These adjustments are  
18 shown on Page 1 of Schedule LSM-4 and LSM-5.

19  
20 **Q. Have you provided support for the total forecast costs shown on Page 1,**  
21 **line 2 of Schedule LSM-4?**

22 A. The details of forecasted costs included in the Power Supply Charge for the  
23 period June 1, 2021 through November 30, 2021 are provided on Schedule

1 LSM-4, Page 5. Line items for the various costs included in default service  
2 are shown and include: Total G1 Class DS Supplier Charges, GIS Support  
3 Payments, Supply Related Working Capital, Provision for Uncollected  
4 Accounts, Internal Company Administrative Costs, Legal Charges, Consulting  
5 Outside Service Charges, and the default service portion of the annual PUC  
6 Assessment allocated to the G1 Class. At the end of each month, UES will  
7 determine the supplier charge to be added to the monthly Power Supply  
8 Charge.

9  
10 **Q. Have you provided support for the total forecast costs shown on Page 1,**  
11 **line 2 of Schedule LSM-5?**

12 A. The details of forecasted costs included in the RPS Charge for the period June  
13 1, 2021 through November 30, 2021 are provided on Schedule LSM-5, Page  
14 5. Costs include Renewable Energy Credits (“RECs”) and the associated  
15 Working Capital.

16  
17 **Q. How is working capital calculated?**

18 A. Working capital included in the Power Supply Charge equals the sum of  
19 working capital for Total G1 Class DS Supplier Charges plus GIS Support  
20 Payments and is shown on Schedule LSM-4, Pages 3 and 5. It is calculated  
21 by taking the product of Total G1 Class DS Supplier Charges plus GIS  
22 Support Payments and the number of days lag divided by 365 days (i.e. the  
23 working capital requirement) and multiplying it by the prime rate. As the

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1 Total G1 Class DS Supplier Charges for the upcoming rate period are not yet  
2 known, UES has estimated power supply costs for the purpose of estimating  
3 working capital. The estimate of power supply costs is based on the  
4 forecasted G1 class kWh purchases and an estimated price per kWh. The  
5 estimated price per kWh was determined by comparing a historical  
6 relationship between G1 and Non-G1 class supplier pricing and then applying  
7 that relationship to the current average Non-G1 supplier price per kWh.  
8 Actual working capital will be determined using the actual supplier charges in  
9 each month.

10

11 The calculation of working capital for RECs is included in the RPS Charge  
12 and is shown on Schedule LSM-5, Pages 3 and 5. It is calculated by taking  
13 the product of RECs and the number of days lead divided by 365 days (i.e. the  
14 working capital requirement) and multiplying it by the prime rate.

15

16 The calculation of working capital included in the Power Supply Charge and  
17 the RPS Charge, effective June 1, 2021, both rely on the results of the 2020  
18 Default Service and Renewable Energy Credits Lead Lag Study. The G1  
19 class Power Supply Charge working capital calculation uses 0.89 days and the  
20 G1 class RPS Charge working capital calculation uses (231.61) days.

21

22

23

1 **IV. BILL IMPACTS**

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

4 A. Typical bill impacts for Non-G1 customers taking default service have been  
5 provided on Schedule LSM-6. Total bill impacts to G1 customers are unknown at  
6 this time and have therefore been excluded from Schedule LSM-6.

7

8 Pages 1 and 2 provide a table comparing the existing rates to the proposed rates  
9 for the residential and General Service rate classes. These pages also show the  
10 impact on a typical bill for each class in order to identify the effect of each rate  
11 component on a typical bill.

12

13 Page 3 shows bill impacts versus current rates to the residential class based on the  
14 mean and median use. Page 3 is provided in a format similar to Pages 1 and 2.

15

16 Page 4 provides the overall average class bill impacts as a result of changes to the  
17 DSC versus current rates. As shown, for customers on Default Service, the  
18 residential class will decrease by approximately 11.2%, general service will  
19 decrease by approximately 14.9%, and outdoor lighting will decrease by  
20 approximately 7.5%.

21

22 Pages 5 through 9 of Schedule LSM-6 provide typical bill impacts versus current  
23 rates for all classes, excluding G1, for a range of usage levels.

1

2 Pages 10 and 11 provide a table comparing rates in effect in June 2020 to the  
3 proposed rates for the residential and General Service rate classes. These pages  
4 also show the impact on a typical bill for each class in order to identify the effect  
5 of each rate component on a typical bill. Residential customers taking fixed  
6 default service will see increases of approximately 7.3% compared to last  
7 summer. G2 and outdoor lighting customers taking fixed default service will see  
8 increases of roughly 4-9% compared to last summer. These increases are  
9 primarily due to the increase in the External Delivery Charge that went into effect  
10 on August 1, 2020.

11

12 **V. CONCLUSION**

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

14 **A.** Yes, it does.