UNITIL ENERGY SYSTEMS, INC.

DIRECT TESTIMONY OF

LINDA S. MCNAMARA

New Hampshire Public Utilities Commission

Docket No.: DE 21-______

June 17, 2021

TABLE OF CONTENTS

LIST OF SCHEDULES

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Linda S. McNamara. My business address is 6 Liberty Lane West, Hampton, New Hampshire 03842.

Q. For whom do you work and in what capacity?

A. I am a Senior Regulatory Analyst at Unitil Service Corp. ("USC"), which provides centralized management and administrative services to all Unitil Corporation's affiliates including Unitil Energy Systems, Inc. ("UES").

Q. Please describe your business and educational background.

A. In 1994 I graduated *cum laude* from the University of New Hampshire with a Bachelor of Science Degree in Mathematics. Since joining USC in June 1994, I have been responsible for the preparation of various regulatory filings, price analysis, and tariff changes.

Q. Have you previously testified before the New Hampshire Public Utilities Commission ("Commission")?

A. Yes.

II. PURPOSE OF TESTIMONY

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

A. The purpose of my testimony is to present and explain the proposed changes to UES's Stranded Cost Charge ("SCC") and External Delivery Charge ("EDC"), effective August 1, 2021.

My testimony will focus on the reconciliation and rate development for the SCC and EDC. I will explain the rate development for these mechanisms, review the actual and estimated data included in each rate, describe the proposed tariff revisions, and provide bill impacts for each class. Ms. Lisa Glover is sponsoring testimony which addresses the costs associated with each of these charges. Mr. Douglas Debski has provided testimony to explain the calculation of displaced distribution revenue associated with net metering for 2020, which is included for recovery in the proposed EDC.

III. STRANDED COST CHARGE

Q. What is the SCC?

A. The SCC is the mechanism by which UES recovers UPC's stranded costs from retail customers. UPC's stranded costs are billed to UES in the form of Contract Release Payments through the Amended System Agreement.

Q. What is UES's proposed SCC?

A. As shown on Schedule LSM-1, Page 1, UES is proposing a SCC of ($0.00002)/kWh, or (0.002¢)/kWh, applicable to all classes. The charge is proposed to become effective August 1, 2021.

Q. How is the SCC calculated?

A. The SCC is calculated by summing the prior period (over)/under recovery as of July 31, 2021, plus the estimated SCC costs and associated interest for the period August 2021 through July 2022. The total is divided by estimated calendar month kWh sales for the period August 2021 through July 2022.

Q. Why has the Company calculated only a uniform kWh rate, with no demand component, for all classes with this filing?

A. Since the inception of the SCC, UES has calculated a uniform SCC. For its Regular General Service G2 class and Large General Service G1 class, the class SCC obligations were calculated first based on the uniform per kWh charge, and then applied to energy and demand components for these two classes. Due to the small size of the dollars to be credited as part of the proposed August 1, 2021 SCC however, following this method would have resulted in credits of $0.00000 per kWh (for both G2 and G1), $0.00 per kW (G2) and $0.00 per kVA (G1). Therefore, to provide these classes with their credit, only the uniform per kWh factor is being proposed.

Q. How does the proposed SCC compare to the rate currently in effect?

A. The uniform rate is increasing by $0.00023 per kWh. The increase is due to both the change in the prior period reconciliation balance and the change is costs to be credited for the forecasted period.

Q. Have you provided a reconciliation of costs and revenues in the SCC?

A. Schedule LSM-1, Page 2, provides the reconciliation of costs and revenues for the periods, August 2019 through July 2020, August 2020 through July 2021, and the forecasted rate period, August 2021 through July 2022. Actual data is provided for August 2019 through April 2021 and estimated data is provided for the remaining months. This schedule summarizes the costs and revenues associated with stranded costs and provides the computation of interest, which is calculated based on average monthly balances using the prime rate, as described in and consistent with the tariff.

Q. Have you provided detail on the monthly revenues shown on Page 2 of Schedule LSM-1?

A. Yes, revenue detail is shown on Schedule LSM-1, Page 3 for the periods August 2019 through July 2020, August 2020 through July 2021, and August 2021 through July 2022. Actual data is included for August 2019 through April 2021 and the remaining months are forecast.

IV. EXTERNAL DELIVERY CHARGE

Q. What is the EDC?

A. The EDC is the mechanism by which UES recovers the costs it incurs associated with providing transmission services outside UES's system and other costs for energy and transmission related services. For costs incurred after May 1, 2006, the costs included in the EDC exclude Default Service related external administrative charges, which have been moved for collection through the DSC, per the Settlement Agreement in DE 05-064 dated August 11, 2005, and approved by the Commission in Order No. 24,511 on September 9, 2005. Beginning May 1, 2011, as approved in DE 10-055, UES also recovers working capital associated with Other Flow-Through Operating Expenses and the Non-Distribution Portion of the annual NHPUC assessment as part of the EDC. Effective July 1, 2014, in accordance with RSA 363-A:6, the Non-Distribution Portion of the annual NHPUC assessment is modified to recover charges/credits in excess of the total NHPUC Assessment, less amounts charged to base distribution and Default Service. Through the three year period ending July 31, 2020, as approved in DE 16-384, UES was allowed to recover other regulatory expenses incurred due to DE 16-576 and IR 15-296. Pursuant to the provisions of RSA 363:28, III UES also recovers any Commission approved special assessments charged to UES associated with the expenses of experts employed by the Office of Consumer Advocate. The EDC also includes the prudently incurred costs, as approved by the

Commission, associated with the alternative net metering tariff approved in Docket DE 16-576.

In addition, the EDC includes the over- or under-collection from the Company's Vegetation Management Program ("VMP") and Reliability Enhancement Program ("REP") in accordance with the Settlement Agreement in DE 16-384; the rebate of excess Regional Greenhouse Gas Initiative ("RGGI") auction proceeds applicable to all retail electric customers in accordance with Order No. 25,664 in DE 14-048; and, the recovery of displaced distribution revenue associated with net metering for 2020.

Q. Is the Company proposing any changes to what is included in the EDC?

A. Yes. As proposed in DE 21-069, UES is proposing to recover the increase in property taxes associated with HB 700 as part of the EDC effective January 1, 2021.

Q. What is UES's proposed EDC?

A. Schedule LSM-2, Page 1, provides the proposed EDC of \$0.02978/kWh, or 2.978¢/kWh, applicable to all classes. This charge is proposed to become effective August 1, 2021.

Q. How is the EDC calculated?

A. The EDC is calculated by summing the prior period (over)/under recovery as of July 31, 2021, plus the estimated EDC costs and associated interest for the period August 2021 through July 2022. The total is divided by estimated calendar month kWh sales for the period August 2021 through July 2022.

Q. In DE 18-029, UES separated its EDC into two pieces, transmission and non-transmission, in order to properly bill and credit alternative net metering customers. Is the proposed EDC formatted and calculated in this same manner?

A. Yes, the total proposed EDC has been broken into a transmission piece and non-transmission piece in order to bill and credit alternative net metering customers. The transmission-only factor is $0.03113/kWh and the non-transmission factor is ($0.00135)/kWh. The calculation of these factors is provided on Schedule LSM-2, Page 1. The majority of UES's customers will continue to be billed the total EDC. The reconciliation of costs and revenues beginning in August 2019, shown on Schedule LSM-2, pages 2, 3 and 4, are also provided separately for transmission and non-transmission.

Q. How does the proposed total EDC compare to the rate currently in effect?

A. The total EDC has decreased by $0.00635, or 0.635¢, per kWh. This decrease is mainly due to a change in the reconcilation balance. The August 1, 2021 overcollection is the result of revenue for the period June 2020 through July

2021 coming in above forecast, due to higher kWh sales than forecasted. In addition, the proposed rate is impacted by higher forecasted sales for the rate period August 2021-July 2022 versus forecasted sales used in the prior filing for the rate period August 2020-July 2021.

Q. Have you provided a reconciliation of costs and revenues in the EDC?

A. Schedule LSM-2 provides the reconciliation of EDC costs and revenues.

Pages 2 and 3 provide the reconciliation for the two prior periods, August 2019 through July 2020 and August 2020 through July 2021. These pages reflect actual data for the period August 2019 through April 2021 and estimated data for the remainder of the period. As noted, May 2021 includes the VMP/REP reconciliation balance of ($179,614) as filed in DE 20-183 for effect May 1, 2021, plus property tax reconciliation of $173,418 as filed in DE 21-069 effective January 1, 2021.

Page 4 of Schedule LSM-2 provides the reconciliation for the forecast rate period, August 2021 through July 2022. Interest is computed on average monthly balances using the prime rate, as described in the tariff. Detail on monthly revenue is shown on Schedule LSM-2, Page 5.

V. TARIFF CHANGES AND BILL IMPACTS

Q. Has UES included tariff changes to reflect the proposed rate changes for effect August 1, 2021?

A. Schedule LSM-3, Page 1 and 2 are redline tariffs of the SCC and EDC. Please note that these pages are essentially the same as provided in Page 1 of Schedules LSM-1 and 2. The proposed SCC and EDC are both incorporated into revised tariff Pages 4 and 5, Summary of Delivery Service Rates and Page 6, Summary of Low-Income Electric Assistance Program Discounts which are provided on pages 3, 4, and 5, respectively, of Schedule LSM-3.

In addition to these pages incorporating the proposed rates, Schedule LSM-3, Page 6, Schedule EDC, has been included to add language regarding the proposed inclusion of the property tax reconciliation in the EDC, and to delete the text regarding the rate case expenses and other regulatory expenses allowed by the Commission in Docket DE 16-384 which is no longer applicable.

Q. Have you included any bill impacts as a result of proposed rate changes effective August 1, 2021?

A. Yes, rate changes and bill impacts as a result of changes to the SCC and EDC have been provided in Schedule LSM-4. Pages 1 through 3 provide a comparison of existing rates to the proposed rates for all the rate classes.

These pages also show the impact on a typical bill for each class in order to identify the effect of each rate component on a typical bill.

Page 4 shows bill impacts to the residential class based on the mean and median use. Page 4 is provided in a format similar to Pages 1 through 3.

Page 5 provides the overall average class bill impact as a result of these proposed changes. As shown, for customers on Default Service, the residential class average bill will decrease about 3.4%. General Service (G2) average bills will decrease about 3.8%. Large General Service (G1) average bills will decrease about 4.7%. Outdoor lighting average bills will decrease about 1.9%.

Pages 6 through 11 of Schedule LSM-4 provide typical bill impacts for all classes for a range of usage levels.

Q. What is the impact of the proposed rates on a typical residential bill compared to rates that were in effect last August?

A. Compared to rates effective August 1, 2020, a residential customer on default service, using 650 kWh a month, would see a decrease of $1.05, or 0.9% under the proposed August 1, 2021 rates.

VI. CONCLUSION

Q. Does that conclude your testimony?

A. Yes, it does.