

UNITIL ENERGY SYSTEMS, INC.

**DIRECT TESTIMONY OF
LINDA S. MCNAMARA**

New Hampshire Public Utilities Commission

Docket No. DE 22-017

September 23, 2022

TABLE OF CONTENTS

I. INTRODUCTION	Page 1
II. PURPOSE OF TESTIMONY	Page 1
III. RETAIL RATE CALCULATIONS	Page 4
IV. BILL IMPACTS	Page 14
V. CONCLUSION	Page 16

LIST OF SCHEDULES

Schedule LSM-1: Redline Tariffs
Schedule LSM-2: Non-G1 Class Retail Rate Calculations - Power Supply Charge
Schedule LSM-3: Non-G1 Class Retail Rate Calculations - Renewable Portfolio Standard Charge
Schedule LSM-4: G1 Class Retail Rate Calculations - Power Supply Charge
Schedule LSM-5: G1 Class Retail Rate Calculations - Renewable Portfolio Standard Charge
Schedule LSM-6: Annual Update to Internal Administrative Costs
Schedule LSM-7: Time Differentiated Default Service Charge
Schedule LSM-8: TOU and EV Rate Development, including Step Adjustment, External Delivery Charge, and Stranded Cost Charge
Schedule LSM-9: 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 December 1, 2022 as reflected
3 in the redline tariffs provided as Schedule LSM-1. Page 1 provides the
4 Calculation Of The Default Service Charge for the Non-G1 Class and Page 3
5 provides the Calculation Of The Default Service Charge for the G1 Class.

6

7 **Q. Is UES proposing any other tariff changes for effect December 1, 2022?**

8 A. Yes, Schedule LSM-1 includes several other tariff changes.

9

10 Schedule LSM-1, Pages 5 through 8, provides Default Service, Schedule DS.
11 Changes were made to reflect that the DSC effective December 1, 2022 will be
12 determined for an eight-month period, as opposed to six months, as approved by
13 Order No. 26,679 on September 9, 2022. The proposed DSC included herein has
14 been determined for the period December 1, 2022 through July 31, 2023. Going
15 forward, this change will shift the DSC from a June 1/December 1 effective date
16 to an August 1/February 1 effective date. Additionally, this change will move the
17 annual reconciliation to August 1, in place of June 1, each year.

18

19 In addition, changes were made to Schedule DS to state that Non-G1 Customers
20 returning to Default Service from a Competitive Supplier or self-supply during
21 the rate period who were automatically placed on variable pricing will now
22 automatically be moved to fixed pricing unless they notify the Company.

1 Currently, these customers must request that they be moved back to fixed pricing
2 at the start of the next rate period.

3

4 Schedule LSM-1, Page 9 of 18, provides the Summary of Low-Income Electric
5 Assistance Program Discounts, incorporating the proposed December 1 Non-G1
6 (Residential) DSC.

7

8 Page 10, provides the Summary Of Whole House Residential Time Of Use Rates
9 And Electric Vehicle Rates. This page incorporates the proposed December 1,
10 2022 DSC. In addition, this summary includes the Distribution Charge and
11 Transmission-External Delivery Charge approved for the winter period, for effect
12 December 1, 2022, as filed in DE 22-026.

13

14 Pages 12 through 18 of 18 of Schedule LSM-1 provide modifications to UES's
15 TOU and EV rate class schedules. All changes in each tariff, Schedule TOU-D,
16 Schedule TOU-EV-D, Schedule TOU-EV-G2 and Schedule TOU-EV-G1, are
17 similar and have been made for the purpose of simplification.

18

19 **Q. Does the proposed DSC impact future tariffs?**

20 A. Yes. The proposed DSC would affect the Summary Of Whole House Residential
21 Time Of Use Rates And Electric Vehicle Rates, tariff page 5-A, on January 1,
22 2023 as the proposed G1 class RPS rate changes at that time. The DSC shown on

1 Page 5-A would again require updating for all classes on June 1, 2023 in order to
2 reflect the change to summer period ratios.

3

4 **Q. When does the Company plan to file the January 1 and June 1, 2023**
5 **Summary Of Whole House Residential Time Of Use Rates And Electric**
6 **Vehicle Rates, tariff page 5-A, incorporating the DSC currently proposed for**
7 **effect December 1, 2022 through July 31, 2023?**

8 A. The Company plans to file Page 5-A reflecting all January 1, 2023 and June 1,
9 2023 rates, as applicable, no later than 30 days prior to the rates becoming
10 effective in compliance with the appropriate docket and order.

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 \$0.25925 per kWh and the proposed G2 and Outdoor Lighting (“OL”)
16 Class fixed Non-G1 DSC is \$0.25375 per kWh for the period December 1, 2022
17 through July 31, 2023. The proposed Residential Class variable Non-G1 DSC
18 and the proposed G2 and OL Class variable Non-G1 DSC for this same period are
19 also shown on this page.

20

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

1

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

3 A. For the period December 1, 2022 through July 31, 2023, the proposed Residential
4 Class fixed Non-G1 Power Supply Charge is \$0.25397 per kWh, the proposed
5 G2 and OL Class fixed Non-G1 Power Supply Charge is \$0.24847 per kWh, and
6 the proposed fixed Non-G1 RPS Charge is \$0.00528 per kWh. These figures, as
7 well as the variable amounts for the same period, are shown on Schedule LSM-1,
8 Page 1.

9

10 **Q. How do the proposed Non-G1 fixed DSC rates compare to the Non-G1 fixed**
11 **DSC rates in effect last winter?**

12 A. The Residential Class fixed Non-G1 DSC in effect last winter, December 2021
13 through May 2022, was \$0.17518 per kWh. The proposed Residential Class fixed
14 Non-G1 DSC of \$0.25925 per kWh is an increase of \$0.08407 per kWh.

15

16 The G2 and OL Class fixed Non-G1 DSC in effect last winter, December 2021
17 through May 2022, was \$0.15381 per kWh. The proposed G2 and OL Class fixed
18 Non-G1 DSC of \$0.25375 per kWh is an increase of \$0.09994 per kWh.

19

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

21 A. The proposed Residential Class fixed Non-G1 DSC of \$0.25925 per kWh is an
22 increase of \$0.15808 per kWh from the current DSC of \$0.10117 per kWh. The
23 proposed G2 and OL Class fixed Non-G1 DSC of \$0.25375 per kWh is an

1 increase of \$0.16005 per kWh from the current DSC of \$0.09370 per kWh. These
2 increases reflect higher contract costs for the period December 1, 2022 through
3 July 31, 2023 compared to the contract costs for the current period June 1, 2022
4 through November 30, 2022.

5

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

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

11

12 Variable pricing is calculated by dividing the total costs for the month, including a
13 partial reconciliation of costs and revenues through February 28, 2022¹, by the
14 estimated monthly kWh purchases for the Residential Class and the G2 and OL
15 Class. An estimated loss factor of 6.4% is then added to arrive at the proposed
16 retail variable charges. Fixed pricing is calculated in a similar manner, except
17 that the calculation is based on each class's total for the entire period.

¹ In its March 25, 2022 DSC filing, UES provided the portion of the Non-G1 Class Power Supply Charge reconciliation balance for recovery effective December 1, 2022 to be (\$527,203) which is shown on Schedule LSM-2, Page 1. UES provided the portion of the Non-G1 Class RPS Charge reconciliation balance for recovery effective December 1, 2022 to be (\$1,012,325) which is shown on Schedule LSM-3, Page 1.

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 December 1, 2022 through July
5 31, 2023 are provided on Schedule LSM-2, Page 2. 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 December 1, 2022 through July
16 31, 2023 are provided on Schedule LSM-3, Page 2. 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
22 Non-G1 Class (G2 and OL) DS Supplier Charges, plus GIS Support
23 Payments, as shown on Schedule LSM-2, Page 2. It is calculated by taking

1 the product of Non-G1 Class (Residential) DS Supplier Charges plus Non-G1
2 Class (G2 and OL) DS Supplier Charges plus GIS Support Payments and the
3 number of days lag divided by 365 days (i.e. the working capital requirement)
4 and multiplying it by the prime rate.

5
6 The calculation of working capital for RECs is included in the RPS Charge
7 and is shown on Schedule LSM-3, Page 2. It is calculated by taking the
8 product of RECs and the number of days lead divided by 365 days (i.e. the
9 working capital requirement) and multiplying it by the prime rate.

10

11 The calculation of working capital included in the Power Supply Charge and
12 the RPS Charge both rely on the results of the 2021 Default Service and
13 Renewable Energy Credits Lead Lag Study. The Non-G1 class Power Supply
14 Charge working capital calculation uses 22.52 days and the Non-G1 class RPS
15 Charge working capital calculation uses (250.05) days.

16

17 **Q. Has UES included its annual update to internal company administrative**
18 **costs associated with providing default service?**

19 A. Yes. The updated internal company administrative costs associated with
20 providing default service proposed for effect December 1, 2022 are provided
21 on Schedule LSM-6. Pages 1 and 2 of Schedule LSM-6 are formatted
22 identically to those submitted as part of the update last year.

23

1 The Settlement Agreement in DE 05-064 allows UES to update these costs
2 annually based on changes to labor costs and associated overheads. The labor
3 hours allocated to DS reflect test year values and are not adjusted. UES has
4 used an overhead rate of 98% based on the average for calendar year 2021.

5 The updated labor costs by department are detailed on Schedule LSM-6, Page
6 2 of 2.

7
8 As shown on Page 1 of 2, the revised internal administrative costs associated
9 with providing DS are \$89,301. \$34,943 of that amount is attributable to the
10 Non-G1 class and \$54,359 is attributable to the G1 class. The current internal
11 administrative costs associated with providing DS are \$92,097, with \$36,085
12 attributable to the Non-G1 class and \$56,012 attributable to the G1 class.

13
14 **Q. Has UES calculated time differentiated DSC applicable to customers taking**
15 **service under Schedule TOU-D, Schedule TOU-EV-D and Schedule TOU-**
16 **EV-G2?**

17 A. Yes, Schedule LSM-7, Page 1 of 1, provides time differentiated DSC. The
18 calculations include the December 1, 2022 through July 31, 2023 proposed
19 Non-G1 class fixed DSC and use the ratios established in DE 20-170 in order
20 to calculate the Off Peak, Mid Peak and On Peak DSC for the residential and
21 G2 TOU/EV classes. The schedule provides the proposed rates for both the
22 winter (December 1, 2022 through May 31, 2023) period and summer (June 1,

1 2023 through July 31, 2023) periods. The TOU-EV G1 class has been
2 excluded from this schedule as their DSC is not time differentiated.

3

4 **Q. Why has UES included Schedule LSM-8 which was previously filed in DE**
5 **22-026?**

6 A. UES has included this schedule, which was previously approved as part of its
7 compliance filing in DE 22-026, because it contains the time differentiated
8 distribution and transmission rates effective December 1, 2022. This schedule
9 has been included for the sake of ease of review and reference as these rates
10 have been incorporated into tariff Page 5-A, the Summary Of Whole House
11 Residential Time Of Use Rates And Electric Vehicle Rates..

12

13 While the distribution and transmission rates themselves are not changing on
14 December 1, 2022, the time differentiated rates for Whole House Residential
15 Time of Use and Electric Vehicle services change to reflect application of the
16 winter on/off/mid peak ratios previously established. Accordingly, the time
17 differentiated distribution and transmission rates, as well as the time
18 differentiated DSC from this filing, have been incorporated into tariff Page 5-
19 A, the Summary Of Whole House Residential Time Of Use Rates And
20 Electric Vehicle Rates.

21

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

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 \$0.00710 per kWh in December 1,
12 2022 through July 31, 2023. The wholesale supply charge determined each
13 month will be added to this amount to yield the monthly G1 class Power Supply
14 Charge.

15

16 Also shown on Schedule LSM-1, Page 3, is the proposed G1 RPS Charge of
17 \$0.00532 per kWh in December 2022 and \$0.00548 per kWh in January through
18 July 2023.

19

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

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

1

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

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

7

8 Each charge is calculated by dividing the costs for each month, including a partial
9 reconciliation of costs and revenues through February 28, 2022², by the estimated
10 G1 kWh purchases for the corresponding month. An estimated loss factor of
11 4.591% is then added to arrive at the proposed retail charges.

12

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

15 A. The details of forecasted costs included in the Power Supply Charge for the
16 period December 1, 2022 through July 31, 2023 are provided on Schedule
17 LSM-4, Page 2. Line items for the various costs included in default service

² In its March 25, 2022 DSC filing, UES provided the portion of the G1 Class Power Supply Charge reconciliation balance for recovery effective December 1, 2022 to be \$210,620 which is shown on Schedule LSM-4, Page 1. UES provided the portion of the G1 Class RPS Charge reconciliation balance for recovery effective December 1, 2022 to be (\$77,423) which is shown on Schedule LSM-5, Page 1.

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

8

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

11 A. The details of forecasted costs included in the RPS Charge for the period
12 December 1, 2022 through July 31, 2023 are provided on Schedule LSM-5,
13 Page 2. Costs include Renewable Energy Credits (“RECs”) and the associated
14 Working Capital.

15

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

17 A. Working capital included in the Power Supply Charge equals the sum of
18 working capital for Total G1 Class DS Supplier Charges plus GIS Support
19 Payments and is shown on Schedule LSM-4, Page 2. It is calculated by taking
20 the product of Total G1 Class DS Supplier Charges plus GIS Support
21 Payments and the number of days lag divided by 365 days (i.e. the working
22 capital requirement) and multiplying it by the prime rate. As the Total G1
23 Class DS Supplier Charges for the upcoming rate period are not yet known,

1 UES has estimated power supply costs for the purpose of estimating working
2 capital. The estimate of power supply costs is based on the forecasted G1
3 class kWh purchases and an estimated price per kWh. The estimated price per
4 kWh was determined by comparing a historical relationship between G1 and
5 Non-G1 class supplier pricing and then applying that relationship to the
6 current average Non-G1 supplier price per kWh. Actual working capital will
7 be determined using the actual supplier charges in each month.

8
9 The calculation of working capital for RECs is included in the RPS Charge
10 and is shown on Schedule LSM-5, Page 2. It is calculated by taking the
11 product of RECs and the number of days lead divided by 365 days (i.e. the
12 working capital requirement) and multiplying it 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 2021 Default Service and
16 Renewable Energy Credits Lead Lag Study. The G1 class Power Supply
17 Charge working capital calculation uses 4.20 days and the G1 class RPS
18 Charge working capital calculation uses (260.57) days.

19
20 **IV. BILL IMPACTS**

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

1 A. Typical bill impacts for Non-G1 customers taking default service have been
2 provided on Schedule LSM-9. Total bill impacts to G1 customers are unknown at
3 this time and have therefore been excluded from Schedule LSM-9.

4

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

9

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

12

13 Page 4 provides the overall average class bill impacts as a result of changes to the
14 DSC versus current rates. As shown, for customers on Default Service, the
15 residential class will increase by approximately 77.5%, general service will
16 increase by approximately 86.6%, and outdoor lighting will increase by
17 approximately 43.3%.

18

19 Pages 5 through 10 of Schedule LSM-9 provide typical bill impacts versus current
20 rates for all classes, excluding G1, for a range of usage levels.

21

22 Pages 11 and 12 provide a table comparing rates in effect in December 2021 to
23 the proposed rates for the residential and General Service rate classes. These

1 pages also show the impact on a typical bill for each class in order to identify the
2 effect of each rate component on a typical bill. Residential customers taking fixed
3 default service will see increases of approximately 30.4% compared to last winter.
4 Most G2 customers taking fixed default service will see increases of
5 approximately 38.9% compared to last winter. These increases are due to the
6 increase in the proposed DSC.

7

8 **V. CONCLUSION**

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

10 **A.** Yes, it does.