

**NORTHERN UTILITIES, INC.
NEW HAMPSHIRE DIVISION
NOVEMBER 2022 / OCTOBER 2023 ANNUAL PERIOD
COST OF GAS ADJUSTMENT FILING**

**PREFILED TESTIMONY OF
DANIEL T. NAWAZELSKI**

1 **I. INTRODUCTION**

2 **Q. Please state your names and business address.**

3 **A.** My name is Daniel T. Nawazelski, and my business address is 6 Liberty Lane West,
4 Hampton, New Hampshire 03842.

5 **Q. Mr. Nawazelski, what is your position and what are your responsibilities?**

6 **A.** I am the Manager of Revenue Requirements for Unitil Service Corp. (“Unitil
7 Service”) a subsidiary of Unitil Corporation that provides managerial, financial,
8 regulatory and engineering services to Unitil Corporation’s utility subsidiaries
9 including Northern Utilities, Inc., which has operating divisions in New
10 Hampshire and Maine (the New Hampshire operating division is hereinafter
11 referred to as “Northern” or the “Company”). In this capacity I am responsible for
12 the preparation and presentation of distribution rate cases and in support of other
13 various regulatory proceedings.

14 **Q. Mr. Nawazelski, please describe your business and educational background.**

15 **A.** I began working for Unitil Service in June of 2012 as an Associate Financial
16 Analyst and have held various positions with increasing responsibilities leading to
17 my current role of Manager of Revenue Requirements. I earned a Bachelor of
18 Science degree in Business with a concentration in Finance and Operations

1 Management from the University of Massachusetts, Amherst in May of 2012. I
2 am also currently pursuing my Masters in Business Administration at the
3 University of New Hampshire.

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

6 **A.** Yes, I testified before this Commission on various financial, ratemaking and
7 utility regulation matters. I have also testified in proceedings before the Maine
8 Public Utilities Commission and the Massachusetts Department of Public
9 Utilities.

10 **II. SUMMARY OF TESTIMONY**

11 **Q. What is the purpose of your testimony?**

12 **A.** The purpose of my testimony is to provide the Company's request for approval of
13 recovery of the increase in property taxes associated with HB 700.

14 **Q. What did HB 700 allow for?**

15 **A.** HB 700 established a methodology for valuing utility distribution assets for
16 property tax purposes, codified as RSA 72:8-d and -e. Part of that law established
17 a new methodology for assessing utility property, and a five-year phase-in period
18 to fully transition to that new methodology. The first property tax year of the
19 phase-in period is the tax year beginning April 1, 2020. The law also requires the
20 Commission to establish by order a rate recovery mechanism for the property
21 taxes paid by a public utility.

1 **Q. Has the Company included recovery of the change in state related property**
2 **taxes?**

3 A. No. The Company has excluded the changes in the state related property taxes
4 from the recovery request consistent with the language of HB 700. Recovery of
5 the state portion of the property taxes will continue to occur as it does now as part
6 of the normal rate case process.

7 **Q. How has the Company calculated the increase in property taxes related to**
8 **local property taxes?**

9 A. The Company compared the amount of property tax recovery currently in rates to
10 the actual 2021 property tax expense.

11 **Q. How did the Company calculate the amount of property tax recovery**
12 **currently in rates?**

13 A. Attachment NUI-DTN-1, page 1, lines 1-5, provides the amount of property tax
14 recovery that was in rates from January 1, 2021 through July 31, 2021. The
15 annual property tax recovery for that respective period is \$4,537,262. This amount
16 was further assigned to state property tax recovery of \$1,044,300 and local
17 property tax recovery of \$3,492,961

18 Next, Attachment NUI-DTN-1, page 1, lines 6-8, provides the amount of property
19 tax recovery that was in rates from August 1, 2021 through December 31, 2021
20 per the rate case settlement in Docket DG 21-104. The annual property tax
21 recovery for that respective period is \$5,523,332. This amount was further

1 assigned to state property tax recovery of \$1,370,478 and local property tax
2 recovery of \$4,152,854.¹

3 Finally, Attachment NUI-DTN-1, page 1, line 9, calculates the 2021 annual
4 property tax recovery level by reflecting nine months of recovery at the Docket
5 No. DG 17-070 recovery level (including the property tax recovery included in
6 the subsequent step increases on May 1, 2018 and May 1, 2019) and three months
7 at the Docket No. DG 21-104 recovery level.

8 **Q. What was the property tax expense for 2021?**

9 A. As shown on line 10 of Attachment NUI-DTN-1, page 1, the total property tax
10 expense for the Company in 2021 was \$5,342,824 of which \$1,370,478 was for
11 state property taxes and \$3,972,346 was for local property taxes. Attachment
12 NUI-DTN-1, page 2, provides a summary of the local property tax bill detail by
13 town. Attachment NUI-DTN-1, page 3, provides a reconciliation to the Property
14 Tax Expense presented in the Company's New Hampshire Public Utilities
15 Commission Annual Report. Finally, Attachment NUI-DTN-2 provides the
16 property tax bills.

17 **Q. Were any abatements received in 2021 related to 2020 and 2021 property tax**
18 **bills?**

19 A. No.

¹ Docket No. DG 21-104 Settlement Agreement Section 9.4

1 **Q. How much higher was the 2021 property tax expense than the amount**
2 **currently included in rates?**

3 A. As shown on Attachment NUI-DTN-1, page 1, line 12, the 2021 property tax
4 expense was \$314,411 higher than the amount currently included in base
5 distribution rates. Per section 9.7 of the rate case settlement agreement in Docket
6 DG 21-104,

7 **Q. Through what mechanism is the Company allowed recovery of the increase**
8 **in local property taxes?**

9 A. In Order No. 26,581 (February 15, 2022) in Docket No. DG 21-123, the
10 Commission approved the Company's proposed method for reconciliation of local
11 property taxes consistent with the authority in RSA 72:8-e as an element of the
12 Company's Local Delivery Adjustment Charge ("LDAC") through the Property
13 Tax Adjustment Mechanism ("PTAM").

14 **Q. Please provide a summary of the Company's request.**

15 A. The Company is requesting that the Commission approve the recovery of
16 \$314,411 of property taxes in 2021 related to the impacts of HB 700 through the
17 Company's PTAM. This represents a decrease of \$206,904 from the amount
18 approved in last year's PTAM of \$521,315. The settlement agreement in Docket
19 DG 21-104, section 9.7, provided that Excess Accumulated Deferred Income Tax
20 ("ADIT") from 2018-2020 in the amount of \$515,202, shall be applied to offset
21 the Company's property tax deferral balance to be recovered through the PTAM.
22 In the instant case the Company is offsetting the proposed recovery of 2021

1 property taxes as well as the prior period reconciliation resulting in a total
2 application of \$406,801 of the Excess ADIT balance, resulting in a proposed
3 recovery in the PTAM of \$0 (zero). The remaining Excess ADIT balance of
4 \$108,401 will offset future PTAM recoveries. The calculation of the proposed
5 PTAM rate and prior period reconciliation is provided in the testimony and
6 attachments of S. Elena Demeris.

7 **III. CONCLUSION**

8 **Q. Does this conclude your testimony?**

9 A. Yes, it does.