

UNITIL ENERGY SYSTEMS, INC.

DIRECT TESTIMONY OF
LINDA S. MCNAMARA

New Hampshire Public Utilities Commission

Docket No.: DE 23-057

June 16, 2023

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Schedule LSM-1: Stranded Cost Charge

Schedule LSM-2: External Delivery Charge and TOU/EV Rate Development

Schedule LSM-3: Redline Tariffs

Schedule LSM-4: 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 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. I joined USC in June 1994 after earning my Bachelor of Science Degree in
13 Mathematics from the University of New Hampshire. Since that time, I have
14 been responsible for the preparation of various regulatory filings, price analysis,
15 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
2 to UES's Stranded Cost Charge ("SCC") and External Delivery Charge
3 ("EDC"), effective August 1, 2023.
4

5 My testimony will focus on the reconciliation and rate development for the
6 SCC and EDC. I will explain the rate development for these mechanisms,
7 review the actual and estimated data included in each rate, describe the
8 proposed tariff revisions, and provide bill impacts for each class. Ms. Lisa
9 Glover is sponsoring testimony which addresses the costs associated with each
10 of these charges. Mr. Christopher Goulding has provided testimony to explain
11 the calculation of displaced distribution revenue associated with net metering
12 for 2022, which is included for recovery in the proposed EDC. Mr. Chad
13 Dixon has provided testimony to support the EDC Lead Lag Study. Mr.
14 Daniel Nawazelski has provided testimony related to the Company's request
15 for approval of recovery of the increase in property taxes associated with HB
16 700.
17

18 **III. STRANDED COST CHARGE**

19 **Q. What is the SCC?**

20 A. The SCC is the mechanism by which UES recovers UPC's stranded costs
21 from retail customers. UPC's stranded costs are billed to UES in the form of
22 Contract Release Payments through the Amended System Agreement.
23

1 **Q. What is UES's proposed SCC?**

2 A. As shown on Schedule LSM-1, Page 1, UES is proposing a SCC of
3 (\$0.00010)/kWh applicable to all classes. The charge is proposed to become
4 effective August 1, 2023.

5
6 **Q. How is the SCC calculated?**

7 A. The SCC is calculated by summing the prior period (over)/under recovery as
8 of July 31, 2023, plus the estimated SCC costs and associated interest for the
9 period August 2023 through July 2024. The total is divided by estimated
10 calendar month kWh sales for the period August 2023 through July 2024.

11
12 **Q. Why has the Company calculated only a uniform kWh SCC rate, with no**
13 **demand component, for all classes with this filing?**

14 A. Consistent with its prior two SCC rates, effective August 1, 2021 and August
15 1, 2022, UES has maintained a per kWh only rate for the SCC.

16
17 **Q. How does the proposed SCC compare to the rate currently in effect?**

18 A. The uniform rate is decreasing by (\$0.00012) per kWh. The decrease is due
19 the change in the prior period reconciliation balance.

20
21 **Q. Have you provided a history of how the SCC has changed over time?**

22 A. Yes, the table below provides the history of allowed costs and approved SCC
23 since August 2019.

	Aug 2019- Jul 2020	Aug 2020- Jul 2021	Aug 2021- Jul 2022	Aug 2022- Jul 2023	Aug 2023- Jul 2024
Total \$ included in SCC for recovery	(\$136,261)	(\$270,103)	(\$21,266)	\$19,060	(\$111,580)
Uniform SCC (\$/kWh)	(\$0.00012)	(\$0.00025)	(\$0.00002)	\$0.00002	(\$0.00010)
Annual increase/(decrease) - \$		(\$133,842)	\$248,837	\$40,326	(\$130,640)
Increase/(decrease) - \$/kWh		(\$0.00013)	\$0.00023	\$0.00004	(\$0.00012)

1

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

3 A. Schedule LSM-1, Page 2, provides the reconciliation of costs and revenues for
4 the periods, August 2021 through July 2022, August 2022 through July 2023,
5 and the forecasted rate period, August 2023 through July 2024. Actual data is
6 provided for August 2021 through April 2023 and estimated data is provided
7 for the remaining months. This schedule summarizes the costs and revenues
8 associated with stranded costs and provides the computation of interest, which
9 is calculated based on average monthly balances using the prime rate, as
10 described in and consistent with the tariff.

11

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

14 A. Yes, revenue detail is shown on Schedule LSM-1, Page 3 for the periods
15 August 2021 through July 2022, August 2022 through July 2023, and August
16 2023 through July 2024. Actual data is included for August 2021 through
17 April 2023 and the remaining months are forecast.

18

19

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 Default Service Charge ("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 Department of Energy ("DOE") assessment as part of the EDC. Effective July 1, 2014, in accordance with RSA 363-A:6, the Non-Distribution Portion of the annual DOE assessment is modified to recover charges/credits in excess of the total DOE Assessment, less amounts charged to base distribution and Default Service. 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 DOE and 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. Beginning June 1, 2022, the EDC includes the amounts credited to, or paid to, customer generator net metering

1 customers with an excess of 600 kWh banked at the end of the March billing
2 cycle who opt to be credited or paid in accordance with the Puc 900 rules, as
3 well as any monthly amounts credited to, or paid to, large customer generators
4 or group net metering customers including any required annual credit
5 reconciliation in accordance with Puc 900. In association with these net
6 metering credits, the EDC includes any corresponding offsets for any
7 wholesale market revenue received that is attributable to net metered facilities.
8

9 In addition, the EDC is allowed to include the over- or under-collection from
10 the Company's Vegetation Management Program ("VMP"), Storm Resiliency
11 Program ("SRP"), and Reliability Enhancement Program ("REP") in
12 accordance with the Settlement Agreement in DE 16-384 and DE 21-030; the
13 reconciliation of the prior year's local property tax recovery included in
14 distribution rates and the actual property tax expense for the calendar year; the
15 rebate of excess Regional Greenhouse Gas Initiative ("RGGI") auction
16 proceeds applicable to all retail electric customers in accordance with Order
17 No. 25,664 in DE 14-048; the recovery of displaced distribution revenue
18 associated with net metering for 2022; and, as approved in DE 21-030,
19 wheeling revenue received by the Company, and for the three-year period
20 beginning August 1, 2022, the return of Excess Accumulated Deferred Income
21 Tax from 2018-2020 totaling \$2,644,590.
22

23 **Q. What is UES's proposed EDC?**

1 A. Schedule LSM-2, Page 1, provides the proposed EDC of \$0.04486/kWh
2 applicable to all classes. This charge is proposed to become effective August
3 1, 2023.

4
5 **Q. How is the EDC calculated?**

6 A. The EDC is calculated by summing the prior period (over)/under recovery as
7 of July 31, 2023, plus the estimated EDC costs net of wholesale and wheeling
8 revenue, and associated interest for the period August 2023 through July
9 2024. The total is divided by estimated calendar month kWh sales for the
10 period August 2023 through July 2024.

11

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

16 A. Yes, the total proposed EDC has been broken into a transmission piece and
17 non-transmission piece in order to bill and credit alternative net metering
18 customers. The transmission-only factor is \$0.03090/kWh and the non-
19 transmission factor is \$0.01396/kWh. The calculation of these factors is
20 provided on Schedule LSM-2, Page 1. The majority of UES's customers will
21 continue to be billed the total EDC. The reconciliation of costs and revenues
22 beginning in August 2021, shown on Schedule LSM-2, pages 2, 3 and 4, are
23 also provided separately for transmission and non-transmission.

1

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

3 A. The total EDC has increased by \$0.01953 per kWh. This increase is mainly
4 due to an increase in forecasted period costs. Ms. Glover's testimony
5 provides a discussion regarding the change in the costs compared to those
6 included in the last EDC filing.

7

8 **Q. Have you provided a history of how the EDC has changed over time?**

9 A. Yes, the table below provides the history of allowed costs and approved EDC
10 since August 2019.

	Aug 2019- Jul 2020	Aug 2020- Jul 2021	Aug 2021- Jul 2022	Aug 2022- Jul 2023	Aug 2023- Jul 2024
Total \$ included in EDC for recovery	\$29,451,363	\$39,477,156	\$34,895,639	\$29,138,055	\$50,254,291
Total EDC (\$/kWh)	\$0.02502	\$0.03613	\$0.02978	\$0.02533	\$0.04486
Annual increase/(decrease) - \$		\$10,025,793	(\$4,581,517)	(\$5,757,583)	\$21,116,235
Increase/(decrease) - \$/kWh		\$0.01111	(\$0.00635)	(\$0.00445)	\$0.01953

11

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

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

14

15 Pages 2 and 3 provide the reconciliation for the two prior periods, August
16 2021 through July 2022 and August 2022 through July 2023. These pages
17 reflect actual data for the period August 2021 through April 2023 and
18 estimated data for the remainder of the period.

19

1 Page 4 of Schedule LSM-2 provides the reconciliation for the forecast rate
2 period, August 2023 through July 2024. Support for the total costs are
3 provided by Ms. Glover. Detail on monthly revenue is shown on Schedule
4 LSM-2, Page 5. Interest is computed on average monthly balances using the
5 prime rate, as described in the tariff. As noted on the bottom of Page 4, the
6 estimated August 2023 beginning balance includes the VMP/SRP/REP
7 reconciliation balance, totaling \$608,368, effective May 1, 2023, as filed in
8 DE 22-078, plus property tax reconciliation of \$435,181, effective January 1,
9 2023. Details regarding the property tax reconciliation are provided by Mr.
10 Nawazelski.

11
12 **Q. Has the Company calculated the time differentiated transmission rates**
13 **for Schedule TOU-D, Schedule TOU-EV-D, Schedule TOU-EV-G2, and**
14 **Schedule TOU-EV-G1 for effect August 1, 2023 and December 1, 2023?**

15 A. Yes, please see Schedule LSM-2, Pages 7 through 12. As shown, consistent
16 with the Settlement Agreements approved in DE 20-170 and DE 21-030, the
17 rates for transmission are derived from the ratios resulting from the initial
18 peak, mid peak, and off-peak rates for the summer and winter seasons which
19 were provided in DE 20-170 Exhibit 24 Revised, Attachment A Illustrative
20 Rates.

21
22 In addition to providing the time differentiated transmission rates, these pages
23 also provide the time differentiated DSC for effect August 1, 2023 for the

1 residential and G2 TOU/EV classes¹, as well as the time differentiated DSC
2 and distribution charges for effect December 1, 2023.
3

4 **Q. Why has UES included the time differentiated DSC and distribution**
5 **charges with this filing?**

6 A. On June 9, 2023, in DE 23-054, UES filed its proposed DSC for effect August
7 1, 2023-January 31, 2024. As part of that filing, UES stated it would file the
8 time differentiated DSC, reflecting the August 1, 2023 DSC, in its June 16,
9 2023 SCC/EDC. UES took this approach as it has several proposed rate
10 changes, all for effect August 1, 2023, and wanted to avoid confusion
11 regarding overlapping proposed rate presentations and tariff pages.
12

13 The time differentiated distribution charges have been included in order to
14 provide the rates resulting from the application of the winter ratios to the
15 current distribution rates, and as such, these pages now present all December
16 1, 2023 time differentiated rates. The distribution charges themselves were
17 approved for effect June 1, 2023, as part of DE 23-014.
18

19 **Q. Does UES have any other rate changes for effect August 1, 2023 that are**
20 **reflected on Pages 7 through 12 of Schedule LSM-2?**

¹ Note, the DSC for the TOU-EV G1 class is not time differentiated.

1 A. Yes. On June 1, 2023, in DE 23-057, UES filed its proposed Revenue
2 Decoupling Adjustment Factors (“RDAF”) for effect August 1, 2023. The
3 RDAF is not time varying and, for the TOU and EV classes, is only applicable
4 to the TOU-D class. It is included on Pages 7 through 12, along with the other
5 non-time varying rates, to show all rates applicable to customers taking
6 service under the Whole House Residential Time Of Use and Electric Vehicle
7 rate schedules. Presenting all rates on this schedule eases review and
8 reference as they have been incorporated into the proposed tariff Page 5-A,
9 the Summary Of Whole House Residential Time Of Use Rates And Electric
10 Vehicle Rates.

11

12 **V. TARIFF CHANGES**

13 **Q. Has UES included tariff changes to reflect the proposed rate changes for**
14 **effect August 1, 2023?**

15 A. Schedule LSM-3, Pages 1 and 2 are redline tariffs of the SCC and EDC.
16 Please note that these pages are essentially the same as provided in Page 1 of
17 Schedules LSM-1 and 2. Pages 3, 4, 5 and 6 provide redline versions of
18 UES’s Summary of Delivery Service Rates, Summary Of Whole House
19 Residential Time Of Use Rates And Electric Vehicle Rates, and Summary of
20 Low-Income Electric Assistance Program Discounts. These pages reflect all
21 proposed August 1, 2023 rates, including the EDC, SCC, RDAF, and DSC.

22

23 **Q. Would the proposed August 1, 2023 rate changes affect any other tariffs?**

1 A. Yes. As referenced previously, the transmission, distribution and DSC are
2 time varying for customers choosing to take service under Schedule TOU-D,
3 Schedule TOU-EV-D, Schedule TOU-EV-G2, and Schedule TOU-EV-G1.
4 As such, these factors would be affected by the application of the winter ratios
5 effective December 1, 2023, and thereby, the Summary Of Whole House
6 Residential Time Of Use Rates And Electric Vehicle Rates, tariff Page 5-A,
7 would require modification.
8

9 **Q. Is the December 1, 2023 Summary Of Whole House Residential Time Of**
10 **Use Rates And Electric Vehicle Rates included with this filing?**

11 A. No. UES has not included this tariff page, Page 5-A, at this time. The impact
12 to this page on December 1, 2023 will result from the use of winter ratios
13 only, applied to approved rates, and therefore UES intends to file tariff Page
14 5-A in compliance with a Commission order once it receives approval of the
15 currently requested August 1, 2023 rate changes.
16

17 **VI. BILL IMPACTS**

18 **Q. Have you included any bill impacts as a result of the proposed SCC and**
19 **EDC effective August 1, 2023?**

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

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

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

6
7 Page 5 provides the overall average class bill impact as a result of the
8 proposed changes to the SCC and EDC. As shown, for customers on Default
9 Service, the residential class average bill will increase about 5.3%. General
10 Service (G2) average bills will increase about 5.6%. Large General Service
11 (G1) average bills will increase about 15.2%. Outdoor lighting average bills
12 will increase about 3.7%.

13
14 Pages 6 through 12 of Schedule LSM-4 provide typical bill impacts for all
15 classes for a range of usage levels.

16
17 **Q. In addition to the proposed SCC and EDC, you have discussed that UES**
18 **has proposed RDAF and DSC changes which are pending in other**
19 **dockets, but are also for effect August 1, 2023. Have you prepared an**
20 **analysis to show the impact to customers based on all August 1 proposed**
21 **rates?**

22 A. Yes. Schedule LSM-4, Page 13 provides the overall average class bill impact
23 as a result of the proposed changes to the SCC, EDC, RDAF, and DSC. Due

1 to large decreases in the DSC, customers on Default Service will see
2 significant decreases overall. Compared to currently effective rates, for
3 customers on Default Service, the residential class average bill will decrease
4 about 29.0% under all August 1, 2023 rate changes. General Service (G2)
5 average bills will decrease about 30.8%. Outdoor lighting average bills will
6 decrease about 20.1%. Large General Service (G1) average bills show an
7 increase of about 15.3% however since the DSC in the bill impact analysis is
8 the same in present and proposed rates. The DSC for the G1 class is
9 established monthly so a bill impact including the DSC for August 1 cannot
10 be calculated.

11
12 **VII. CONCLUSION**

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

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

1 A. Yes. On June 1, 2023, in DE 23-057, UES filed its proposed Revenue
2 Decoupling Adjustment Factors (“RDAF”) for effect August 1, 2023. The
3 RDAF is not time varying and, for the TOU and EV classes, is only applicable
4 to the TOU-D class. It is included on Pages 7 through 12, along with the
5 other non-time varying rates, to show all rates applicable to customers taking
6 service under the Whole House Residential Time Of Use and Electric Vehicle
7 rate schedules. Presenting all rates on this schedule eases review and
8 reference as they have been incorporated into the proposed tariff Page 5-A,
9 the Summary Of Whole House Residential Time Of Use Rates And Electric
10 Vehicle Rates.

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12 **V. TARIFF CHANGES**

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14 **effect August 1, 2023?**

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19 Residential Time Of Use Rates And Electric Vehicle Rates, and Summary of
20 Low-Income Electric Assistance Program Discounts. These pages reflect all
21 proposed August 1, 2023 rates, including the EDC, SCC, RDAF, and DSC.

22
23 **Q. Would the proposed August 1, 2023 rate changes affect any other tariffs?**

1 A. Yes. On June 1, 2023, in DE 23-057, UES filed its proposed Revenue
2 Decoupling Adjustment Factors (“RDAF”) for effect August 1, 2023. The
3 RDAF is not time varying and, for the TOU and EV classes, is only applicable
4 to the TOU-D class. It is included on Pages 7 through 12, along with the
5 other non-time varying rates, to show all rates applicable to customers taking
6 service under the Whole House Residential Time Of Use and Electric Vehicle
7 rate schedules. Presenting all rates on this schedule eases review and
8 reference as they have been incorporated into the proposed tariff Page 5-A,
9 the Summary Of Whole House Residential Time Of Use Rates And Electric
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