

UNITIL ENERGY SYSTEMS, INC.

DIRECT TESTIMONY OF
LISA S. GLOVER

New Hampshire Public Utilities Commission

Docket No.: DE 23-

June 16, 2023

TABLE OF CONTENTS

I.	INTRODUCTION	Page 1
II.	SUMMARY OF TESTIMONY	Page 2
III.	STRANDED COST CHARGE COSTS	Page 2
IV.	EXTERNAL DELIVERY CHARGE COSTS	Page 7
V.	UPC COSTS AND REVENUES	Page 14
VI.	CONCLUSION	Page 15

LIST OF SCHEDULES

Schedule LSG-1: Stranded Cost Charge Costs

Schedule LSG-2: External Delivery Charge Costs

Schedule LSG-3: Contract Release Payments and Administrative Service Charges

Schedule LSG-4: Unitil Power Corp. Cost and Revenue Model

Schedule LSG-5: HQ Payments and Revenues

1 **I. INTRODUCTION**

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

3 A. My name is Lisa S. Glover. My business address is 6 Liberty Lane West, Hampton,
4 NH.

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

7 A. I am a Senior Energy Analyst for Unitil Service Corp. ("USC"). USC provides
8 management and administrative services to Unitil Energy Systems, Inc. ("UES")
9 and Unitil Power Corp. ("UPC").

11 **Q. Please describe your relevant educational and work experience.**

12 A. I received my Bachelor of Science degree in Environmental Science from the
13 University of Massachusetts Amherst and a Master of Public Administration from
14 Norwich University in Vermont. I joined Unitil Service Corp. in February 2003
15 and have held various positions within the company prior to joining Energy
16 Contracts in May 2014 in my current position as Senior Energy Analyst. I have
17 primary responsibilities in the areas of default service budgeting, administration,
18 and procurement; long-term renewable energy procurement; electric market
19 operation and data reporting.

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

23 A. Yes.

II. SUMMARY OF TESTIMONY

Q. Please summarize your testimony in this proceeding.

A. My testimony presents the cost data and explains the reasons for the proposed changes to UES's Stranded Cost Charge ("SCC"), and External Delivery Charge ("EDC"), effective August 1, 2023. Ms. Linda S. McNamara is sponsoring testimony on the reconciliation and rate development for the SCC and EDC, based on the cost data included in my testimony. Mr. Christopher Goulding has provided testimony to explain the calculation of displaced distribution revenue associated with net metering for 2022, which is included in the proposed EDC. Mr. Chad Dixon has provided testimony to support the EDC Lead Lag Study. Mr. Daniel Nawazelski has provided testimony related to the Company's request for (1) approval of recovery of the increase in property taxes associated with HB 700 and (2) filing-related costs associated with the Company's Kingston Project proposal in Docket No. DE 22-073.

III. STRANDED COST CHARGE COSTS

Q. What costs are included in the SCC?

A. The SCC includes the Contract Release Payments ("CRP") from Unitil Power Corp., charged in accordance with the Amended Unitil System Agreement, approved by both the Commission in Docket No. DE 01-247 and by the FERC.

1 Schedule LSG-1, page 1, provides a description of the CRP. Page 2 provides the
2 CRP by month reflecting actual data from August 2021 through May 2023 and
3 estimated data from June 2023 through July 2024.
4

5 **Q. Please describe the Amended Unitil System Agreement.**

6 A. The purpose of the Amended Unitil System Agreement was to restructure UES's
7 power supply in order to implement retail choice. Prior to the implementation of
8 the Amended Unitil System Agreement on May 1, 2003, UES purchased full-
9 requirements power supply from UPC at fully reconciling, cost-of-service rates.
10

11 The Amended Unitil System Agreement provides for termination of power sales
12 from UPC to UES and the payment of UPC's on-going costs by UES. These on-
13 going costs are defined in the Amended Unitil System Agreement as CRP and
14 Administrative Service Charges ("ASC"). UES recovers the CRP through the
15 SCC and the ASC through the EDC. The ASC will be discussed later under the
16 EDC costs.
17

18 **Q. Please describe the CRP.**

19 A. The CRP is calculated in accordance with Appendix 1 of the Amended Unitil
20 System Agreement. The CRP is equal to the sum of the Portfolio Sales Charge, the
21 Residual Contract Obligations, the Hydro-Quebec Support Payments, and True-
22 Ups from Prior Periods. The Portfolio Sales Charge and the Residual Contract
23 Obligations have ended as have a significant portion of the Hydro-Quebec Support

1 Payments¹. The CRP estimates in this filing, therefore, include only the Hydro-
2 Quebec Support Payments still in effect. This is discussed more in detail below.
3

4 The initial term of the Hydro-Quebec Phase II Agreements (“Agreements”) was
5 scheduled to end on October 31, 2020 and required UPC to support the Hydro-Quebec
6 Phase II transmission facilities under those Agreements. These facilities are part of
7 one high-voltage, direct-current (“HVDC”) interconnection between New England and
8 Quebec. UPC has no obligation to support Phase I of these facilities. The costs for
9 maintenance and construction of these facilities are paid by Interconnection Rights
10 Holders (“IRH”) through support agreements between the IRH members and the
11 owners of the HVDC transmission facilities. As discussed below, UPC is no longer a
12 party to those Agreements. However, certain other related Agreements which fund
13 improvements and reinforcements to the New England Power’s AC transmission
14 system in support of the Phase II HVDC transmission line (“AC Facilities Support
15 Agreements”), remain in effect. These include the Boston Edison AC Facilities
16 Support Agreement and the New England Power AC Facilities Support Agreement. As
17 such, the remaining Hydro-Quebec Support Payments include only costs incurred by
18 UPC pursuant to the AC Facilities Support Agreements. As a rights holder in these AC
19 Facilities, UPC receives revenue in the form of payments received from ISO-New

¹ See FERC Docket ER-21-712 Petition for Approval of Offer of Settlement which amends and restates the four Support Agreements and a Use Agreement for the U.S. portion of the 2,000 MW HVDC transmission facilities interconnecting New England and Quebec.

1 England related to OATT Schedule 9 RNS. These revenues serve to offset the expense
2 of the AC Facilities Support Agreements. As discussed below, before the underlying
3 contracts terminated on October 31, 2020, UPC received revenue for short-term sales
4 of transmission rights and capacity rights which offset the expense of the Hydro-
5 Quebec Support Payments.

6
7 The True-ups from Prior Periods reflect any differences in costs resulting from the
8 reconciliation of estimated costs to actual costs under the CRP component of the
9 Amended Unitil System Agreement. The True-ups from Prior Periods also provide
10 for the reconciliation of costs billed to UPC for services purchased in UPC's
11 performance of the Unitil System Agreement, prior to May 1, 2003. The CRP
12 estimates in the current filing reflect no True-ups from obligations prior to May 1,
13 2003.

14
15 **Q. Please provide an estimate of each of the components of the CRP.**

16 A. Details regarding the CRP are provided in Schedule LSG-3. This shows the actual
17 itemized CRP and ASC charges as billed by UPC to UES for the period beginning
18 August 2021 through April 2023 under the Amended Unitil System Agreement.
19 Beginning on page 2 and into page 3 of Schedule LSG-3, estimated CRP and ASC
20 for the 15-month period beginning May 2023 and ending July 2024 are presented.
21 UPC bills UES on estimated data, prior to the beginning of the month of service.
22 These estimates are trued-up to actuals on a two-month lag.

Q. Please provide a comparison of the estimated CRP for the upcoming SCC rate period (August 2023 through July 2024) to the projected CRP for the current SCC rate period (August 2022 through July 2023).

A. Table 1 below provides a comparison of the estimated CRP for the upcoming SCC rate period to the projected CRP for the current SCC rate period. At the time of the preparation of this estimate of the CRP, actual CRP expense data was available through April 2023. As such, the projected actual CRP for the current SCC rate period (August 2022 through July 2023) is comprised of nine months of actual data and three months of estimated data.

Table 1. Comparison of Estimated CRP for August 2023 through July 2024 to Projected CRP for August 2022 through July 2024 Unitil Power Corp.				
Line No.	Line Item Description	Aug 2022 - July 2023 9 Months Act. and 3 Months Est.	Aug 2023 - July 2024 Estimate	Variance (Aug 2023 - July 2024 Costs minus Aug 2022 - July 2023 Costs)
1	Portfolio Sales Charge	\$0	\$0	\$0
2	Residual Contract Obligations	\$0	\$0	\$0
3	Hydro-Quebec Support Payments	(\$16,174)	(\$59,448)	(\$43,274)
4	Subtotal (L. 2 through 4)	(\$16,174)	(\$59,448)	(\$43,274)
5	True-up for estimate	(\$73,081)	\$0	\$73,081
6	Obligations prior to May 1, 2003	\$0	\$0	\$0
7	Total Contract Release Payments as billed by Unitil Power Corp.	(\$89,255)	(\$59,448)	\$29,807

Q. Has UPC prepared an accounting of the costs and revenues to UPC under the CRP and the ASC?

A. Yes. Schedule LSG-4 provides this accounting for the period beginning August 2021 through April 2023. UPC bills UES estimates of the CRP and ASC on the 25th of the month for the upcoming month. The estimated expenses are trued-up to actual expenses on a two-month lag basis. In order to calculate the true-up, UPC

1 tracks the actual expenses, which comprise both the CRP and the ASC. These
2 actual expenses are compared to the estimated expenses to calculate the true-up for
3 prior period. Schedule LSG-4 provides summary data of actual CRP and ASC
4 expenses and revenues.

5

6 **IV. EXTERNAL DELIVERY CHARGE COSTS**

7 **Q. What costs are included in the EDC?**

8 A. Schedule LSG-2, page 1 provides a description of the costs included in the EDC:

- 9 (a) Third Party Transmission Providers (Eversource Network Integration
10 Transmission Service);
- 11 (b) Regional Transmission and Operating Entities;
- 12 (c) Third Party Transmission Providers (Eversource Wholesale Distribution);
- 13 (d) Working Capital Associated with Other Flow-Through Operating Expenses-
14 transmission costs only;
- 15 (f) Transmission-Based Assessments and Fees;
- 16 (g) Load Estimation and Reporting System and EDI Communication Costs;
- 17 (h) Unmetered Purchased Power;
- 18 (i) Data and Information Services;
- 19 (j) Legal Charges;
- 20 (k) Consulting Outside Service Charges;
- 21 (l) Administrative Service Charges;
- 22 (m) EDC Portion of the Annual PUC Assessment;
- 23 (n) Net Metering Credits
- 24 (o) Net Metering Costs
- 25 (p) Regional Greenhouse Gas Initiative Auction Proceeds;
- 26 (q) Excess ADIT (2018-2020);
- 27 (r) Working Capital Associated with Other Flow-Through Operating Expenses-
28 excluding transmission costs; and
- 29 (s) Displaced Distribution Revenue.

30 Items (a), (b), and (c) of the Schedule are discussed below:

1 The Third Party Transmission Providers (Eversource Network Integration
2 Transmission Service) component of the EDC consists of Network Integration
3 Transmission Service taken by UES and provided by the Eversource Energy
4 companies² (“Eversource”) pursuant to Schedule 21-ES of the ISO New England
5 Inc. Transmission, Markets and Services Tariff (FERC Electric Tariff No.3) (“ISO
6 Tariff”).

7
8 The Regional Transmission and Operating Entities component of the EDC consists
9 of all charges from ISO New England Inc. (“ISO”). These charges consist primarily
10 of Regional Network Service, taken pursuant to the ISO Tariff. Other major costs
11 (which are also billed by the ISO to UES) are various ancillary services allocated
12 to transmission customers, such as VAR support, dispatch service, and black-start
13 capability.

14
15 The Third Party Transmission Providers (Eversource Wholesale Distribution)
16 component consists of Distribution Delivery Service (“DDS”) charges with
17 Eversource. DDS compensates Eversource for the wheeling of power from the
18 Eversource transmission system to UES’s distribution system over certain facilities,
19 which are classified as distribution facilities for accounting purposes and, therefore,
20 are not included in the Eversource transmission system rate base.

² Northeast Utilities formerly changed its name and those of all its subsidiaries in January 2015 to Eversource Energy.

1

2 **Q. Please provide the External Delivery cost data, which was utilized in the**
3 **calculation of the EDC.**

4 A. Schedule LSG-2 provides the External Delivery cost data used in the calculation of
5 the EDC. Page 2 provides actual historic External Delivery cost data for the year
6 beginning August 2021 through July 2022. Actual External Delivery cost data for
7 the months of August 2021 through April 2022 was included in UES's last EDC
8 rate and reconciliation filing, Docket No. DE 22-038. In that docket, UES provided
9 estimated External Delivery costs for May 2022 through July 2023. Rather than
10 present partial data beginning with May 2022, UES is presenting the full period.
11 Page 3 of Schedule LSG-2 provides External Delivery cost data for the current EDC
12 rate period, August 2022 through July 2023. Actual cost data is available through
13 April 2023, and estimated cost data is provided for May 2023 through July 2023.
14 Finally, page 4 of Schedule LSG-2 provides estimated External Delivery costs for
15 the upcoming EDC rate period, August 2023 through July 2024.

16

17 **Q. Please provide a comparison of the External Delivery costs for the upcoming**
18 **EDC rate period (August 2023 through July 2024) to the projected External**
19 **Delivery costs for the current EDC rate period (August 2022 through July**
20 **2023).**

21 A. Please refer to Table 2 below for an itemized comparison of estimated External
22 Delivery cost for the upcoming EDC rate period to the projected External Delivery
23 costs for the current rate period.

Table 2. Comparison of Estimated External Delivery costs for August 2023 through July 2024 to projected External Delivery costs for August 2022 through July 2023				
Unitil Energy Systems, Inc.				
Line No.	Line Item Description	Aug 2022 - July 2023	Aug 2023 - July 2024	Variance (Aug 2023 - July 2024 Costs minus Aug 2022 - July 2023 Costs)
		9 Months Act. and 3 Months Est.	Estimate	
(a)	Third Party Transmission Providers (Eversource Network Integration Transmission Service)	\$4,336,586	\$4,318,233	(\$18,353)
(b)	Regional Transmission and Operating Entities (ISO-NE)	\$29,415,780	\$31,500,315	\$2,084,535
(c)	Third Party Transmission Providers (Eversource Wholesale Distribution)	\$2,944,058	\$2,853,357	(\$90,701)
(d)	Working Capital associated with Other Flow-Through Operating Expenses-Transmission Costs only	(\$3,693)	(\$32,583)	(\$28,890)
(f)	Transmission-based Assessments and Fees	\$9,200	\$10,000	\$800
(g)	Load Estimation and Reporting System Costs	\$361,666	\$335,520	(\$26,146)
(h)	Unmetered Purchased Power	(\$1,774)	\$0	\$1,774
(i)	Data and Information Services	\$15,000	\$15,000	\$0
(j)	Legal Charges	\$2,564	\$2,800	\$237
(k)	Consulting Outside Service Charges (UES) & OCA Consultant Expense	\$705,471	\$106,052	(\$599,420)
(l)	Administrative Service Charges	\$300	(\$898)	(\$1,198)
(m)	EDC Portion of the annual PUC Assessment	(\$77,639)	\$0	\$77,639
(n)	Net Metering Credits	\$12,255,091	\$11,483,995	(\$771,096)
(o)	Net Metering Costs	\$0	\$0	\$0
(p)	RGGI Auction Proceeds	(\$4,075,111)	(\$3,930,351)	\$144,759
(q)	Excess ADIT 2018-2020	(\$881,530)	(\$881,530)	(\$0)
(r)	Working Capital associated with Other Flow-Through Operating Expenses - excluding transmission costs	\$55,364	\$65,951	\$10,587
(s)	Displaced Distribution Revenue	\$177,575	\$51,157	(\$126,418)
	Total External Delivery Costs	\$45,238,908	\$45,897,018	\$658,111

1 **Q. Please explain the projected increase in External Delivery costs for the**
2 **upcoming EDC rate period (August 2023 through July 2024) over the current**
3 **EDC rate period (August 2022 through July 2023).**

4 A. The External Delivery costs for the upcoming EDC rate period are projected to be
5 \$658,111 higher than or 1% above the current rate period. The largest contributor
6 to the increased projected costs is associated with Regional Transmission and
7 Operating Entities (ISO-NE) which is projected to be \$2.08M higher than the
8 current period ending July 31, 2023. Forecasted costs are based upon estimated
9 monthly network loads as well as ISO-NE tariffs in effect. The monthly total of
10 tariff rates is slightly higher than the prior period. Offsetting the increase in
11 projected ISO-NE transmission costs are decreases in projected costs for
12 Consulting Outside Service Charges (UES) & OCA Consultant Expenses as well
13 as Net Metering Credits. Outside Consulting Service Charges for the current period
14 decreased about \$599K primarily as a result of expenses in the current period
15 associated with the UES rate case. Effective June 1, 2022, the Company began
16 including the amounts credited to, or paid to, customer generator net metering
17 customers with an excess of 600 kWh banked at the end of the March billing cycle
18 who opt to be credited or paid in accordance with the Puc 900 rules, as well as any
19 monthly amounts credited to, or paid to, large customer generators or group net
20 metering customers including any required annual credit reconciliation in
21 accordance with Puc 900. Forecasted Net Metering Credits are projected to be
22 about \$771K lower than the current period.

1 **Q. Are there any new additions to the EDC?**

2 A. Yes. Excess ADIT 2018-2020 was added in DE 22-038. Under the Settlement and
3 subsequent Order in DE 21-030, Excess Accumulated Deferred Income Tax from
4 2018-2020 in the amount of \$2,644,590 shall be returned to customers through the
5 EDC over a three year period, starting on August 1, 2022.

6

7 **Q. Describe Unitil’s effort to reduce peak demand.**

8 A. For the remainder of 2023, Unitil will continue its existing C&I and Residential
9 Active Demand Reduction (“ADR”) Pilot offerings to reduce peak demand and
10 capture benefits as quantified in the regional Annual Energy Supply Components
11 study as outlined in Statewide Energy Efficiency Plan³. The goals of the ADR
12 programs are to flatten peak loads, improve system load factors, and reduce long-
13 term costs for New Hampshire customers. Program offerings include C&I load
14 curtailment which provides an incentive for verifiable shedding of load by
15 participants and residential Wi-Fi thermostat direct load control focused on
16 reducing summer peak demand.

17

18 **Q. What legal charges does UES expect to incur under the EDC?**

19 A. UES estimates that it will incur legal charges of \$2,800 for the upcoming EDC rate
20 period (August 2023 through July 2024). These costs cover the UES portion of the
21 NAESB membership as well as an estimate to cover routine legal costs. Any legal

³ DE 20-092, 2022-2023 NH Statewide Energy Efficiency Plan, March 1, 2022.

1 costs associated with procurement of Default Service are recovered through the
2 Default Service Charge.⁴
3

4 **Q. What consulting charges does UES expect to incur under the EDC?**

5 A. UES estimates that it will incur \$106,052 in outside consulting service charges for
6 the upcoming EDC rate period (August 2023 through July 2024). These costs
7 include charges associated with the FERC assets and compliance as well as
8 estimated costs to the State of New Hampshire and/or OCA consultants. These
9 charges also include expenses in the amount of \$100,052 of filing-related costs
10 associated with the Kingston Solar Project as directed in the recent Order in DE 22-
11 073. Please see Exhibit DTN-1 Testimony provided by Daniel Nawazelski.
12

13 **Q. Please provide the detail behind the estimate for the Administrative Service**
14 **Charges.**

15 A. Details regarding the ASC are provided in Schedule LSG-3 on lines 10 through 18.
16 The ASC includes any costs incurred by UPC, relative to UPC's obligations under
17 the Amended Unitil System Agreement, which are not otherwise assigned or
18 assumed by UES. These costs include NEPOOL, ISO, and RTO costs, as well as
19 legal, consulting, and other outside services. It does not include any internal costs

⁴ This is in accordance with the settlement agreement approved in Docket No. DE 05-064.

1 of USC, UES or UPC. The costs are projected to be higher compared to the prior
2 period as result of interest payments that UPC flows to UES when it bills.
3

4 **Q. Has UES included Regional Greenhouse Gas Initiative (RGGI) rebates in the**
5 **proposed EDC?**

6 A. Yes. UES has included the rebate of excess RGGI auction proceeds applicable to
7 all retail electric customers as a separate line item in the EDC. UES records the
8 rebates in the EDC on the month in which it is received, and applies carrying
9 charges. For the actual period of August 2021 through May 2023, UES has
10 recorded seven rebate amounts totaling \$7,343,850. In accordance with Order No.
11 25,664, UES has included estimates of auction amounts it expects to receive
12 through July 2024 in order to ensure customers receive the credit, or estimate
13 thereof, in a timely manner. These estimates are shown on Schedule LSG-2, Pages
14 3 and 4.
15

16 **Q. Has UES included in this filing the recovery of costs associated with lost**
17 **distribution revenue due to net metering?**

18 A. Yes. In accordance with Order No. 25,991 in DE 15-147, UES is allowed to recover
19 displaced distribution revenue through its EDC. Please see the Testimony and
20 Exhibits prepared by Mr. Christopher Goulding.
21

22 **V. UPC COSTS AND REVENUES**

1 **Q. Has UPC prepared an accounting of the costs and revenues to UPC under the**
2 **CRP and the ASC?**

3 **A.** Yes. Schedule LSG-4 provides this accounting for the period beginning August
4 2021 through May 2023. UPC bills UES estimates of the CRP and ASC on the 25th
5 of the month for the upcoming month. The estimated expenses are trued-up to
6 actual expenses on a two-month lag basis. In order to calculate the true-up, UPC
7 tracks the actual expenses, which comprise both the CRP and the ASC. These
8 actual expenses are compared to the estimated expenses to calculate the true-up for
9 prior period. Schedule LSG-4 provides summary data of actual CRP and ASC
10 expenses and revenues.

11

12 **VI. CONCLUSION**

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

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