

UNITIL ENERGY SYSTEMS, INC.

SUPPLEMENTAL TESTIMONY OF

LINDA S. MCNAMARA

New Hampshire Public Utilities Commission

Docket No. DE 24-077

June 20, 2024

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LIST OF SCHEDULES

Schedule LSM-1 SUPP: RDAC Rate Calculation and Reconciliation

Schedule LSM-3 SUPP: 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. Have you previously provided direct testimony in this proceeding?**

12 A. Yes, my direct testimony (Exhibit LSM-1) and supporting schedules were part of
13 UES’s Revenue Decoupling Adjustment Factor (“RDAF”) filing in this
14 proceeding submitted on May 24, 2024. The schedules included in the initial
15 filing were:

16 Schedule LSM-1: RDAC Rate Calculation and Reconciliation

17 Schedule LSM-2: Comparison of Actual To Test Year Data

18 Schedule LSM-3: Class Bill Impacts

19 Schedule LSM-4: Redline Tariffs

20

21 **II. PURPOSE OF SUPPLEMENTAL TESTIMONY**

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

1 **A.** The purpose of my testimony is to present and explain UES’s proposed revision
2 to its proposed RDAF that was filed on May 24, 2024. Specifically, UES seeks of
3 a waiver of the Revenue Decoupling Adjustment (“RDA”) cap (“the cap”) of
4 three percent of distribution revenue, which was applied in its initial filing. A
5 motion for waiver of the cap accompanies this filing. In support of this revision, I
6 have included the following supplemental schedules:

7 Schedule LSM-1 SUPP: RDAC Rate Calculation and Reconciliation

8 Schedule LSM-3 SUPP: Class Bill Impacts

9

10 There are no proposed changes to Schedule LSM-2. The redline tariffs, which
11 were provided in Schedule LSM-4 are discussed further below. UES included a
12 redline and clean version of its proposed tariff page 69-H, Calculation of the
13 Revenue Decoupling Adjustment Factors, for effect August 1, 2024 in its initial
14 filing. In addition, informational versions of its tariff pages Summary of Delivery
15 Service Rates Page 4), Summary of Whole House Residential Time of Use Rates
16 and Electric Vehicle Rates (Page 5-A, and Summary of Low-Income Electric
17 Assistance Program Discounts (Page 6) were included.

18

19 **Q. Has UES included revised tariffs in this filing?**

20 **A.** No. UES intends to file a revised clean and redline RDAC tariff (Page 69-H) in
21 compliance with the Commission’s order should the Commission approve UES’s
22 motion for a waiver of the cap and associated proposed revised RDAF. The rate

1 summary tariffs (Pages 4, 5-A, and 6) which were submitted for informational
2 purposes in this proceeding, were filed for effect August 1, 2024 in DE 24-080.
3 These tariff pages reflect the RDAC filed on May 24, 2024, the proposed External
4 Delivery (“EDC”) and Stranded Cost Charges (“SCC”), and changes associated
5 with the recently approved August 1 default service charge. UES intends to file
6 final clean and redline rate summary tariffs in DE 24-080 so that all rates effective
7 August 1, 2024 may be included once orders in both dockets have been issued.

8

9 **III. WAIVER OF CAP**

10 **Q. What is the cap and how is it calculated?**

11 **A.** As indicated above, UES’s recovery is capped by an amount equal to 3% of
12 distribution revenues. The cap was a component of the Settlement Agreement in
13 DE 21-030 and is memorialized in its RDAC tariff. The cap limits the impact of
14 the RDAF on customer bills and is applicable to both over- and under-recoveries.
15 It is calculated by taking three percent of actual distribution revenues, for each
16 Customer Group, over the measurement period, April 2023 through March 2024.
17 The calculation of the cap for the current period is provided in the bottom section
18 of Schedule LSM-1 SUPP, Page 5 and is identical to the calculation provided in
19 the initial filing.

20

21 **Q. Are any of the three Customer Group RDAF calculations impacted by the**
22 **cap?**

1 **A.** Yes. As shown on Schedule LSM-1 SUPP, Page 1, line 5, the total RDA for the
2 domestic group is (\$2,166,157)¹, due to actual base revenue per customer being
3 less than the authorized base revenue per customer. The cap for this group
4 however was determined to be, plus or minus, \$1,070,391, resulting in a
5 difference of nearly \$1.1 million dollars.

6
7 **Q.** **Why didn't UES file its request for waiver of the RDA cap with its initial**
8 **filing?**

9 **A.** In accordance with its RDAF tariff, to the extent the application of the cap results
10 in a RDA that is less than the total RDA for the period, the difference is to be
11 deferred and included in the RDAC reconciliation for recovery in the subsequent
12 adjustment period. UES considered seeking a waiver of the cap but decided not
13 to seek a waiver at that time since the bill impacts associated with its Annual SCC
14 and EDC Filing were to be filed on June 14, 2024 and therefore not yet known.
15 Now filed, and as indicated in the SCC and EDC filing, a typical residential
16 customer on default service using 650 kWh per month would see a decrease of
17 \$12.51 or 8.2% versus current rates. Given the level of the bill decreases related
18 to the proposed August 1, 2024 SCC and EDC, UES determined this would be a
19 suitable time to seek a waiver of the cap.

¹ In its initial filing, this figure is (\$2,214,569). The difference in the two figures is interest.

1 **Q. Will residential customers still see bill decreases even with the full RDAC**
2 **under-collection included in rates?**

3 A. Yes. Based on changes to the SCC and EDC, UES is proposing a net rate
4 decrease of \$0.01924 per kWh for effect August 1, 2024. The impact to the
5 August 1, 2024 RDAF, comparing the currently effective domestic class RDAF of
6 \$0.00186 per kWh to the RDAF of \$0.00429 per kWh provided in this proposal,
7 is an increase of \$0.00243 per kWh. Thus, a waiver of the cap under the current
8 circumstances will have a minimal impact to the overall rate reduction customers
9 will experience on August 1, 2024.² Assuming the waiver of the cap is approved,
10 a typical residential customer on default service using 650 kWh per month would
11 see a decrease of \$12.30 or 8.1% versus current rates.

12
13 **Q. Are there any benefits to customers under this proposal?**

14 A. Yes. Under this proposal there will be a fairly significant reduction to interest
15 charges that otherwise would result from carrying the deferral balance for another
16 year before possibly having the ability to recover it. Based on the current prime
17 interest rate of 8.50%, the rate used in the RDAF reconciliation, interest for one
18 year on the \$1,144,178 deferral included in the initial filing is approximately
19 \$97,000.

² In addition to the \$0.01924 per kWh reduction in the SCC and EDC proposed for effect August 1, 2024, UES recently received approval of its August 1, 2024-January 31, 2025 Default Service Charge which will result in an additional \$0.00212 per kWh decrease for the residential customers on August 1, 2024.

1

2 **IV. RETAIL RATE CALCULATIONS**

3 **Q. What are the proposed RDAF included in this supplemental filing?**

4 A. Similar to its initial filing, UES has calculated three RDAF, applicable to its 1)
5 residential domestic (D) and domestic time-of-use customers (TOU-D) customers,
6 2) its Regular General G2, G2 kWh Meter, and Quick Recovery Water Heating
7 and Space Heating customers, and 3) Large General Service - G1 customers. As
8 shown on Schedule LSM-1 SUPP, Page 1, the proposed Regular General service
9 class RDAF is a credit of \$0.00137 per kWh and the proposed Large General
10 Service class RDAF is a charge of \$0.00005 per kWh. These factors are proposed
11 to take effect August 1, 2024 and are unchanged from the initial filing. The
12 residential class RDAF included with this proposal is a charge of \$0.00429 per
13 kWh.

14

15 **Q. Why is RDAF for the domestic class different than that included in the initial**
16 **filing?**

17 A. As discussed previously, and as shown on page 1, line 7, the deferral for the
18 domestic class has been set to \$0 thereby impacting the calculated RDAF.

19

20 **Q. Can you provide a comparison of the residential class RDAF included with**
21 **this proposal to the current RDAF and to the proposed RDAF included in**
22 **the initial filing?**

1 A. Yes, please see the table below.

	Domestic - D and TOU-D
	RDAF
under proposal to waive cap	\$0.00429 / kWh
per initial filing	\$0.00212 / kWh
currently effective	\$0.00186 / kWh

2

3 **Q. Besides the proposal to waive the cap, used in determining the residential**
4 **RDAF shown on page 1, does this proposal impact any of the other**
5 **components or the process used to determine the RDAF?**

6 A. No. The process used to determine the RDA for the period April 2023 to March
7 2024 is the same in this proposal as it was in the initial filing. The impact of this
8 proposal is to the August 1, 2024 residential class RDAF and resulting
9 reconciliation balance. Supporting pages included with this filing, detailed below,
10 are similar to those included in the initial filing.

11

12 The reconciliation of the RDA and estimated RDAF revenues are provided on
13 Schedule LSM-1 SUPP, Pages 2, 3, and 4. Pages 3 and 4 relate to the Regular
14 General service class and the Large General Service class, respectively, and have
15 not changed from the initial filing. Page 2 provides the reconciliation of the
16 residential class and now shows the recovery of the full RDA balance, with no
17 deferral.

18

1 Pages 5 and 6 provide details regarding the determination of the monthly revenue
2 variance (“MRV”) during the period April 2023-March 2024, shown in column
3 (b) on Pages 2, 3 and 4 for each class. The data on pages 5 and 6 is identical to
4 that filed in the initial filing.

5
6 Page 7 provides the RDAF revenues for the August 2023-July 2024 and August
7 2024-July 2025 periods. The only change to this page, versus the initial filing, is
8 to the revenues presented in the August 2024 to July 2025 period for the domestic
9 class which have been calculated using the modified RDAF.

10

11 **V. BILL IMPACTS**

12 **Q. Have you included bill impacts associated with the RDAF change?**

13 A. Yes. Typical bill impacts for all rate classes comparing May 2024³ rates to those
14 including the RDAF calculated herein, have been provided on Schedule LSM-3
15 SUPP, pages 1 through 5. These bills isolate the impact of changes to the RDAF.
16 As shown, for customers on default service, residential class bills would increase
17 by approximately 1.0%.

18

³ In its initial filing, bill impacts presented were compared to rates in effect in May 2024. In order to provide a consistent comparison to those initially filed, May 2024 rates were used in this analysis. Note, however, that effective June 1, 2024 UES received approval of its Storm Recovery Adjustment Factor (“SRAF”).

1 **Q. Have you included bill impacts associated with this proposal, taking into**
2 **account all August 1, 2024 rate changes?**

3 A. Yes. Bill impacts by class comparing currently effective June 1, 2024 rates to
4 August 1, 2024 rates including the proposed RDAF as well as the proposed SCC
5 and EDC, and the approved August 1 default service charge, are shown on
6 Schedule LSM-3 SUPP, pages 6 through 10. As shown on page 6, for customers
7 on default service, residential class bills would decrease by approximately 8.1%
8 due to a net rate decrease of \$0.01893 per kWh.

9

10 **VI. CONCLUSION**

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

12 A. Yes, it does.