

UNITIL ENERGY SYSTEMS, INC.

DIRECT TESTIMONY OF

LINDA S. MCNAMARA

New Hampshire Public Utilities Commission

Docket No. DE 10-028

December 10, 2010

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LIST OF SCHEDULES

Schedule LSM-1: Redline Tariffs

Schedule LSM-2: G1 Class Retail Rate Calculations - Power Supply Charge

**Schedule LSM-3: G1 Class Retail Rate Calculations - Renewable Portfolio
Standard Charge**

Schedule LSM-4: 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 I 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. 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' G1 Large General Service Class Default Service Charge ("DSC") effective
3 February 1, 2011, as reflected in the redline tariff provided as Schedule LSM-1.
4

5 **II. RETAIL RATE CALCULATIONS**

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

7 A. Schedule LSM-1, Page 2, shows the proposed G1 Variable DSC of \$0.06961 per
8 kWh in February 2011, \$0.06837 per kWh in March 2011, and \$0.06967 per kWh
9 in April 2011. There is no fixed option DSC for the G1 class.
10

11 The proposed DSC are comprised of two componets, as shown on Schedule LSM-
12 1, Page 2: A Power Supply Charge and a Renewable Portfolio Standard ("RPS")
13 Charge.
14

15 **Q. What is the proposed Power Supply Charge and RPS Charge?**

16 A. Schedule LSM-1, Page 2, shows the proposed G1 Variable Power Supply Charges
17 of \$0.06706 per kWh in February 2011, \$0.06582 per kWh in March 2011, and
18 \$0.06712 per kWh in April 2011.
19

20 Also shown on Schedule LSM-1, Page 2, is the proposed G1 Variable RPS
21 Charge of \$0.00255 per kWh in February, March, and April 2011.
22

1 **Q. How do the G1 DSC compare to the current rate?**

2 A. The current DSC, based on a simple three-month average, is \$0.07296 per kWh.
3 The proposed rate, based on a simple three-month average, is \$0.06922 per kWh.
4 This is a decrease of \$0.00374 per kWh, on average, from the current rate. The
5 decrease reflects current market prices.

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

8 A. The rate calculations for the Variable Power Supply Charges are provided on
9 Schedule LSM-2, Page 1. The rate calculations for the Variable RPS Charges are
10 provided on Schedule LSM-3, Page 1. Both charges are calculated in the same
11 manner.

12
13 The Variable Charge is calculated by dividing the costs for each month, including
14 a partial reconciliation of costs and revenues through January 31, 2010¹, by the

¹ In its March 12, 2010 filing, UES provided the G1 Class Power Supply Charge reconciliation balance as of January 31, 2010, as adjusted, in the amount of (\$32,250). UES apportioned this balance based on kWh over the twelve month period May 2010 through April 2011 as follows: (\$8,550) in May-July 2010, (\$8,504) in August-October 2010, (\$7,612) in November 2010-January 2011, and (\$7,583) in February-April 2011. As shown on Schedule LSM-2, Page 1, the reconciliation amount used in this filing is (\$7,583). Also in its March 12, 2010 filing, UES provided the G1 Class RPS Charge reconciliation balance as of January 31, 2010, as adjusted, in the amount of \$49,175. UES apportioned this balance based on kWh over the

1 estimated G1 kWh purchases for the corresponding month. An estimated loss
2 factor of 4.591% is then added to arrive at the proposed retail Variable Charges.

3

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

6 A. The details of forecasted costs included in the Power Supply Charge for the
7 period February through April 2011 are provided on Schedule LSM-2, Page 2.
8 Line items for the various costs included in default service are shown and
9 include: Total G1 Class DS Supplier Charges, GIS Support Payments, Supply
10 Related Working Capital, Provision for Uncollected Accounts, Internal
11 Company Administrative Costs, Legal Charges, and Consulting Outside
12 Service Charges.

13

14 **Q. Have you provided support for the total forecast costs shown on Page 1,**
15 **line 2 of Schedule LSM-3?**

16 A. The details of forecasted costs included in the RPS Charge for the period
17 February through April 2011 are provided on Schedule LSM-3, Page 2. Costs

twelve month period May 2010 through April 2011 as follows: \$13,038 in May-July 2010,
\$12,967 in August-October 2010, \$11,608 in November 2010-January 2011, and \$11,563 in
February-April 2011. As shown on Schedule LSM-3, Page 1, the reconciliation amount used in
this filing is \$11,563.

1 include Renewable Energy Credits (“RECs”) and the associated Working
2 Capital.

3
4 **Q. How is working capital calculated?**

5 A. Working capital included in the Power Supply Charge equals the sum of
6 working capital for Total G1 Class DS Supplier Charges plus GIS Support
7 Payments, as shown on Schedule LSM-2, Page 2. It is calculated by
8 multiplying the product of Total G1 Class DS Supplier Charges plus GIS
9 Support Payments and the number of days lag divided by 365 days (i.e. the
10 working capital requirement) by the prime rate.

11
12 The calculation of working capital for RECs is included in the RPS Charge
13 and is shown on Schedule LSM-3, Page 2. It is calculated by multiplying the
14 product of RECs and the number of days lead divided by 365 days (i.e. the
15 working capital requirement) by the prime rate.

16
17 The calculation of working capital included in the Power Supply Charge and
18 the RPS Charge both rely on the results of the 2009 Default Service and
19 Renewable Energy Credits Lead Lag Study. The G1 class Power Supply
20 Charge working capital calculation uses 13.72 days and the G1 class RPS
21 Charge working capital calculation uses (297.66) days.

22

1 **IV. BILL IMPACTS**

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

4 A. Schedule LSM-4 provides typical bill impacts as a result of changes to the G1
5 Class DSC. Page 1 provides a table comparing existing rates to the proposed
6 rates for the G1 class, as well as the impact on a G1 class typical bill. Page 2 of
7 Schedule LSM-4 provides the typical bill impacts for the G1 class for a range of
8 usage levels, comparing proposed rates to current rates. As shown, G1 class
9 customers who do not choose a competitive supplier will see decreases ranging
10 from 2.8 to 3.4 percent depending upon usage. These impact analyses are based
11 upon the simple three-month average DSC. Page 3 of Schedule LSM-4 is a
12 comparison of the proposed rates to rates in effect during the same period last
13 year. Similar to Page 2, it provides the typical bill impacts for the G1 class for a
14 range of usage levels and the DSC used is based upon the simple three-month
15 average. As shown, G1 class customers who do not choose a competitive supplier
16 will see decreases of approximately 12.2 percent compared to last year, primarily
17 due to lower default service prices.

18
19
20 **V. CONCLUSION**

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

22 A. Yes, it does.