

**UNITIL ENERGY SYSTEMS, INC.**

**DIRECT TESTIMONY OF  
LINDA S. MCNAMARA**

**New Hampshire Public Utilities Commission**

**Docket No. DE 12-003**

**June 7, 2012**

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## **LIST OF SCHEDULES**

**Schedule LSM-1: Redline Tariff**

**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 II 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's G1 Large General Service Class Default Service Charge ("DSC") effective  
3 August 1, 2012, 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 shows the proposed G1 Variable DSC of \$0.04705 per kWh in  
8 August 2012, \$0.04286 per kWh in September 2012, and \$0.04573 per kWh in  
9 October 2012. There is no fixed-price option DSC for the G1 class.  
10

11 The proposed DSC are comprised of two components: A Power Supply Charge  
12 and a Renewable Portfolio Standard ("RPS") Charge.  
13

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

15 A. Schedule LSM-1 shows the proposed G1 Variable Power Supply Charges of  
16 \$0.04500 per kWh in August 2012, \$0.04081 per kWh in September 2012, and  
17 \$0.04368 per kWh in October 2012.  
18

19 Also shown on Schedule LSM-1 is the proposed G1 Variable RPS Charge of  
20 \$0.00205 per kWh in August, September, and October 2012.  
21

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

1 A. The current DSC, based on a simple three-month average, is \$0.04308 per kWh.  
2 The proposed rate, based on a simple three-month average, is \$0.04521 per kWh.  
3 This is an increase of \$0.00213 per kWh, on average, from the current rate. The  
4 increase reflects current market prices.  
5

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

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

12 The Variable Charge is calculated by dividing the costs for each month, including  
13 a partial reconciliation of costs and revenues through January 31, 2012<sup>1</sup>, by the

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<sup>1</sup> In its March 9, 2012 filing, UES provided the G1 Class Power Supply Charge reconciliation balance as of January 31, 2012, as adjusted, in the amount of (\$322,568). UES apportioned this balance based on kWh over the twelve month period May 2012 through April 2013 as follows: (\$85,917) in May-July 2012, (\$84,700) in August-October 2012, (\$76,998) in November 2012-January 2013, and (\$74,953) in February-April 2013. As shown on Schedule LSM-2, Page 1, the reconciliation amount used in this filing is (\$84,700). Also in its March 9, 2012 filing, UES provided the G1 Class RPS Charge reconciliation balance as of January 31, 2012, as adjusted, in the amount of (\$108,081). UES apportioned this balance based on kWh over the twelve month period May 2012 through April 2013 as follows: (\$28,788) in May-July 2012, (\$28,380) in August-October 2012, (\$25,799) in November 2012-January 2013, and (\$25,114) in February-April 2013. As shown on Schedule LSM-3, Page 1, the reconciliation amount used in this filing is (\$28,380).

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 August through October 2012 are provided on Schedule LSM-2, Page  
8 2. 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 August through October 2012 are provided on Schedule LSM-3, Page 2.  
18 Costs include Renewable Energy Credits (“RECs”) and the associated  
19 Working Capital.  
20

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1    **Q.     How is working capital calculated?**

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

8  
9           The calculation of working capital for RECs is included in the RPS Charge  
10          and is shown on Schedule LSM-3, Page 2. It is calculated by multiplying the  
11          product of RECs and the number of days lead divided by 365 days (i.e. the  
12          working capital requirement) by the prime rate.

13  
14          The calculation of working capital included in the Power Supply Charge and  
15          the RPS Charge both rely on the results of the 2011 Default Service and  
16          Renewable Energy Credits Lead Lag Study. The G1 class Power Supply  
17          Charge working capital calculation uses 8.88 days and the G1 class RPS  
18          Charge working capital calculation uses (271.11) days.

19

20   **IV.    BILL IMPACTS**

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

1 A. Schedule LSM-4 provides typical bill impacts as a result of changes to the G1  
2 Class DSC.<sup>2</sup> Page 1 provides a table comparing existing rates to the proposed  
3 rates for the G1 class, as well as the impact on a G1 class typical bill. Page 2 of  
4 Schedule LSM-4 provides the typical bill impacts for the G1 class for a range of  
5 usage levels, comparing proposed rates to current rates. As shown, G1 class  
6 customers who do not choose a competitive supplier will see increases ranging  
7 from 2.1 to 2.8 percent depending upon usage. These impact analyses are based  
8 upon the simple three-month average DSC. Page 3 of Schedule LSM-4 is a  
9 comparison of the proposed rates to rates in effect during the same period last  
10 year. Similar to Page 2, it provides the typical bill impacts for the G1 class for a  
11 range of usage levels and the DSC used is based upon the simple three-month  
12 average. As shown, G1 class customers who do not choose a competitive supplier  
13 will see decreases ranging from 19.6 to 24.9 percent compared to last year, which  
14 is due to a decrease to default service prices.

15  
16  
17 **V. CONCLUSION**

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

19 A. Yes, it does.

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<sup>2</sup> These bill impacts do not include changes to UES's Stranded Cost Charge or External  
Delivery Charge which will be filed on June 15, 2012 for effect August 1, 2012.