

**NORTHERN UTILITIES, INC.  
NEW HAMPSHIRE DIVISION  
2012 / 2013 WINTER SEASON PROPOSED  
COST OF GAS ADJUSTMENT  
PREFILED TESTIMONY OF  
JOSEPH F. CONNEELY**

1 **I. INTRODUCTION**

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

3 A. My name is Joseph F. Conneely. My business address is 6 Liberty Lane West,  
4 Hampton, New Hampshire.

5

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

7 A. I am a Senior Regulatory Analyst for Unitil Service Corp. (“Unitil Service”), a  
8 subsidiary of Unitil Corporation that provides managerial, financial, regulatory  
9 and engineering services to Unitil Corporation’s principal subsidiaries Fitchburg  
10 Gas and Electric Light Company, d/b/a Unitil (“FG&E”), Granite State Gas  
11 Transmission, Inc. (“Granite”), Northern Utilities, Inc. d/b/a Unitil (“Northern”),  
12 and Unitil Energy Systems, Inc. (“UES”) (together “Unitil”). In this capacity I  
13 am responsible for managing and filing reporting requirements.

14

15 **Q. Please summarize your professional and educational background.**

16 A. I graduated from Saint Anselm College, Manchester, New Hampshire in 1999  
17 with a Bachelor of Arts degree in Financial Economics. Before joining Unitil, I  
18 worked for the Royal Bank of Scotland- Sempra Energy Trading Corp. joint  
19 venture (“RBS”) in Greenwich, Connecticut as a senior electricity and natural gas  
20 trader. Prior to working for RBS, I was employed as a mid-term electricity and

1 natural gas trader at Morgan Stanley in New York City. Before this position at  
2 Morgan Stanley, I ran an energy trading book at Shell Gas and Energy Trading  
3 North America in La Jolla, California. I joined Unitil in November 2008.

4  
5 **Q. Have you previously testified before the New Hampshire Public Utilities**  
6 **Commission?**

7 A. Yes. I have testified in a similar role several times in the Company's Cost of Gas  
8 Adjustment proceedings.

9

10 **II. PURPOSE OF TESTIMONY**

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

12 A. The purpose of my testimony is to introduce and describe Northern's proposed  
13 changes to its Local Delivery Adjustment Clause ("LDAC") tariff (Page No. 56).  
14 Northern is proposing changes to its rates for effect November 1, 2012 for the  
15 following items: Residential Low Income Assistance and Regulatory Assessment  
16 Costs ("RLIARA") rate; Demand Side Management ("DSM") rate; and  
17 Environmental Response Cost ("ERC") rate. I will also discuss the impact that  
18 the proposed Cost of Gas ("COG") will have on bills of the Company's typical  
19 residential customer.

20

21

22

1 **Q. Please describe the proposed change to the RLIARA rate.**

2 A. Northern is proposing to increase the RLIARA rate from \$0.0089 to \$0.0113 per  
3 therm effective November 1, 2012.

4  
5 **Q. Could you describe the reason for the proposed change to the RLIARA rate?**

6 A. Yes. Northern is proposing to change the RLIARA rate in order to eliminate a  
7 currently projected under-collection balance of \$146,417 as of October 31, 2012,  
8 as shown on Schedule 16 RLIARA, Page 1 of 2. Northern is also proposing the  
9 change due to increases in estimated program costs and number of estimated  
10 participants. The under-collection is provided in Schedule 16 RLIARA, Page 2 of  
11 2 and is based on actual data through July 2012 for the 12-month period ending  
12 October 2012.

13 In Docket DG 11-069, the Commission authorized the Company to begin  
14 recovery of the actual non-distribution portion of the annual PUC assessment in  
15 its RLIARA effective May 1, 2012. This cost component has been included in  
16 the annual reconciliation on Schedule 16 RLIARA, Page 2 of 2 and in the cost  
17 forecast on Page 1 of 2 for the rate period.

18  
19 **Q. What changes are being proposed for the DSM charges?**

20 A. The Company is proposing to increase the DSM charge for the residential classes  
21 from \$0.0333 to \$0.0380 per therm, and decrease the charge for the commercial

1 and industrial customer classes from \$0.0126 to \$0.0116 per therm effective  
2 November 1, 2012.

3

4 **Q. Please describe the reason for these proposed changes to the DSM rates.**

5 A. The proposed changes to the DSM rates are necessitated by the implementation of  
6 Northern's current energy efficiency program budget. That budget is provided  
7 in Schedule 16 DSM, Page 1 of 4. The DSM Charge Factor Calculation is  
8 provided in Schedule 16 DSM, Page 2 of 4. Information regarding the  
9 development of the proposed DSM rate for the residential classes is provided in  
10 Schedule 16 DSM, Page 3 of 4. Schedule 16 DSM, Page 4 of 4 provides the  
11 support for the proposed DSM rate for the commercial and industrial classes.

12

13 **Q. Please describe the change to Northern's ERC rate that is proposed for effect**  
14 **November 1, 2012.**

15 A. The current ERC rate is \$0.0051 per therm. Northern proposes to decrease this  
16 charge to \$0.0046 per therm.

17

18 **Q. Please explain the calculation of the proposed ERC rate.**

19 A. During the period July 1, 2011 through June 30, 2012, ERC expenses totaled  
20 \$159,020. Northern is allowed to recover one-seventh of the actual response  
21 costs incurred by the Company in a twelve-month period ending June 30 of each  
22 year until fully amortized, plus any insurance and third-party expenses for the

1 year. Any insurance and third-party recoveries or other benefits for the year are  
2 used to reduce the unamortized balance. The \$235,688 figure shown on Schedule  
3 1 in the Environmental Response Cost filing and Schedule 16-ERC in this filing is  
4 comprised of the following:

1/7th ERC costs incurred July 2011 - June 2012	\$22,717
1/7th ERC costs incurred July 2010 - June 2011	\$ 17,316
1/7th ERC costs incurred July 2009 - June 2010	\$ 27,091
1/7th ERC costs incurred July 2008 - June 2009	\$ 18,247
1/7th ERC costs incurred July 2007 - June 2008	\$ 33,280
1/7th ERC costs incurred July 2006 - June 2007	\$ 26,686
1/7th ERC costs incurred July 2005 - June 2006	<u>\$ 90,352</u>
Total	\$235,688

5  
6 The prior period reconciliation of ERC costs, an under collection of \$48,107, is  
7 included in the annual ERC costs resulting in net ERC costs to be recovered from  
8 customers during the period of November 2012 through October 2013 of  
9 \$283,795. Dividing these recoverable ERC costs by total annual sales of  
10 62,063,926 therms yields an ERC rate of \$0.0046 per therm. This calculation is  
11 illustrated in Schedule 16 ERC, Page 1 of 2. The primary reason for the decrease  
12 in the ERC rate is a decrease in costs.

13  
14 **Q. Have you prepared typical bill analyses showing the impacts of the proposed**  
15 **COG and LDAC rate changes for effect on November 1, 2012 for typical gas**  
16 **customers?**

1 A. Yes, Schedule 8 provides the analyses. Schedule 8 shows that a typical  
2 residential heating customer consuming 932 ccf during the 2012/ 2013 Winter  
3 Season will see a bill of \$1,258.19. This is a decrease of \$252.63 or 16.72 %, in  
4 comparison to the 2011/2012 Winter Season bill with the same consumption.

5

6

7 **Q. Does this conclude your testimony?**

8 A. Yes, it does.