

**UNITIL ENERGY SYSTEMS, INC.**

**DIRECT TESTIMONY OF**

**DOUGLAS J. DEBSKI**

**New Hampshire Public Utilities Commission**

**Docket No. DE 16-384**

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**DJD SCHEDULE**

<b><u>Schedule Number</u></b>	<b><u>Description</u></b>	<b><u>Pages</u></b>
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1 **I. INTRODUCTION**

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

3 A. My name is Douglas J. Debski. I am a Senior Regulatory Analyst for Unitil  
4 Service Corp., an affiliate of Unitil Energy Systems, Inc. ("Unitil Energy" or the  
5 "Company"). My business address is 6 Liberty Lane West, Hampton, New  
6 Hampshire, 03842-1720. Both Companies are subsidiaries of Unitil Corporation.

7  
8 **Q. Please describe your educational and professional background.**

9 A. In 1987, I graduated *cum laude* from the University of New Hampshire with a  
10 Bachelor of Science Degree in Mathematics. I have attended the Georgia Institute  
11 of Technology "Sampling Methods and Statistical Analysis in Power Systems  
12 Load Research" course and the "Advanced Sample Design and Analysis  
13 Techniques of Load Research" course sponsored by the Association of Edison  
14 Illuminating Companies Load Research Committee.

15  
16 **Q. Please describe your professional background.**

17 A. I joined Unitil Service Corp. in May 1988 and have held numerous positions in  
18 the Rates and Regulatory Service Department while progressing in  
19 responsibilities to my current position. Since that time, I have prepared numerous  
20 regulatory filings, tariffs, price analyses and design, load research studies and  
21 analyses, bill frequency analyses and load forecasting for, or on behalf of, the

1 Company and Unitil Corporation's other utility affiliates, Northern Utilities, Inc.  
2 and Fitchburg Gas and Electric Light Company.  
3

4 **Q. Have you previously testified before the Commission or any other regulatory**  
5 **body?**

6 A. Yes, I have previously presented Testimony before the New Hampshire Public  
7 Utilities Commission ("Commission"). I have also prepared and presented  
8 testimony before both the Maine Public Utilities Commission and the  
9 Massachusetts Department of Public Utilities.  
10

11 **II. SCOPE OF TESTIMONY**  
12

13 **Q. What is your responsibility in connection with this proceeding?**

14 A. I am presenting the bill impact analyses of the Company's rate proposals here. I  
15 am also discussing the tariff revisions and new tariff provisions proposed by the  
16 Company.  
17

18 **Q. Please outline the organization of your Testimony and Schedules.**

19 A. In addition to Exhibit DJD-1, the written testimony here, I am presenting one  
20 schedule. Schedule DJD-1 demonstrates the proposed bill impacts by rate class  
21 for various consumption levels.

1 **III. PROPOSED TARIFF CHANGES**

2

3 **Q. Could you please give a brief overview of the Company's proposed tariff**  
4 **changes?**

5 A. Yes, the Company is proposing changes to the following tariffs in this  
6 proceeding: Summary of Delivery Service Rates, Summary of Low-Income  
7 Electric Assistance Program Discounts, Delivery service schedules Domestic D,  
8 Domestic DDER (new), General Service G, Outdoor Lighting OL, and Light  
9 Emitting Diode Outdoor Lighting LED (new). The Company is also revising  
10 some provisions of the Terms and Conditions for Delivery Service, some  
11 provisions of the Terms and Conditions for Supplier Service, External Delivery  
12 Charge - Schedule EDC, and Rates Applicable to Qualifying Facilities - Schedule  
13 QF. Finally, Supplement No. 2 for a temporary rate surcharge is included here.  
14 The tariff index is also modified accordingly.

15

16 **Q. Please describe the change to the delivery service rate schedules.**

17 A. First off, the Company is modifying its Summary of Delivery Service Rates and  
18 Summary of Low-Income Electric Assistance Program Discounts Schedules to  
19 reflect the new distribution charges proposed here. The Company is also  
20 proposing changes to its delivery service class rate schedules to accommodate the  
21 new distribution rates proposed in this proceeding. Proposed customer,  
22 volumetric and demand charges are reflected here as well as a proposed revision

1 to the general service transformer ownership credit for customers who own their  
2 transformer. There are also new schedules added for Domestic Distributed  
3 Energy Resources DDER and Light Emitting Diode Outdoor Lighting Delivery  
4 Service LED. Schedule DDER outlines the new provisions for residential  
5 customers which install on-site generation resources not eligible for net metering  
6 under New Hampshire statutory maximum capacity requirements. It would also  
7 apply to customers who install generation sources of types not eligible for net  
8 metering. The need for DDER service and its rate is discussed in the testimony of  
9 Mr. Edwin Overcast. Schedule LED provides the terms and conditions for Unitil  
10 Energy's new energy efficient Light Emitting Diode ("LED") outdoor lighting  
11 service options. There are nine new types of fixture offerings for customers  
12 wishing to switch to more energy efficient outdoor lighting. Mr. John Closson  
13 discusses the need for LED options in more depth in his testimony. Mr. Overcast  
14 discusses the LED rates.

15  
16 **Q. Please describe why the monthly billing kWh for the Outdoor Lighting class**  
17 **is being modified.**

18 A. Since the Company is offering new LED service options, it had to determine the  
19 billable kWh for these new lights. In consultation with its outdoor lighting  
20 vendors regarding the time windows that the photocells for the lights operate, it  
21 was determined that the photocells generally operate from about one quarter hour  
22 after sunset to one quarter hour before sunrise under perfect weather conditions,

1 changing the annual operating hours assumptions slightly. In addition, the vendor  
2 provided updated connected load data for each of the lighting fixtures in the  
3 current tariff, as well as the new LED. These connected load figures were  
4 multiplied times the new estimate of annual burn hours, 4150 for all-night service  
5 option, to derive annual kWh which was then divided by 12 to arrive at monthly  
6 kWh. kWh for the midnight service option is derived using the same percentage  
7 currently in place, 46.4%.

8  
9 **Q. Does the Company plan to change these billable kWh in the future?**

10 A. The Company is considering a variable monthly or quarterly kWh for billing  
11 outdoor lighting Customers, but is deferring this revenue neutral proposal until it  
12 has in operation its new Customer Information System which can more easily  
13 accommodate such billing architecture.

14  
15 **Q. Are there any proposed changes to the residential kWh block structure?**

16 A. Yes, Until Energy has proposed to change the current structure which utilizes an  
17 inclining block, or lifeline, rate structure (where the first 250 kWh is priced at one  
18 rate and any kWh in excess of 250 is priced at a different rate) to a flat charge per  
19 kWh rate. This rate structure change is discussed in the testimony of Mr.  
20 Overcast.

21

1 **Q. Does this residential rate proposal impact an issue raised by the NHPUC**  
2 **Audit Division with respect to rounding of the Storm Recovery Adjustment**  
3 **Factor ("SRAF")?**

4 A. Yes. If this residential rate proposal is approved, the issue raised by the Audit  
5 Division will be resolved. Specifically, in the NHPUC Audit Staff Final Report  
6 for Unitil Energy's Major Storm Cost Reserve and SRAF, issued on April 28,  
7 2015, it was noted that the SRAF is being applied to each of the rate blocks; that  
8 is, the first 250 kWh and all kWh thereafter, separately. This results in the first  
9 250 kWh for all bills over 250 kWh, consistently rounding down the SRAF  
10 charge by \$0.0025, from \$0.5525 to the whole penny equivalent of \$0.5500 as  
11 shown in the following example:  $250 \text{ kWh} * \$0.00221 = \$0.5525$  per bill over 250  
12 kWh. \$0.5525 has less than one half cent beyond the second decimal, therefore it  
13 is rounded down to \$0.55. For 2014, the time period for the NHPUC Audit Staff  
14 Report, there were 515,134 bills with use greater than 250 kWh, resulting in  
15 \$1,288 of rounding. A concern was raised by the NHPUC Audit Staff that the  
16 2014 SRAF revenue collected was less than it would have been if the rate been  
17 applied to the total kWh, resulting in a small amount of additional interest being  
18 charged on the outstanding balance, as well as possible extension of the SRAF  
19 beyond its anticipated recovery date of 2019 or longer if additional storms are  
20 included. The Audit Division recommended that that Company petition the  
21 Commission Staff to separate the SRAF from the Delivery Service rate. The  
22 Company respectfully disagreed with Audit's recommendation for various

1 reasons, including that that SRAF is a fully reconciling rate, the amount is small,  
2 and the costs and resources to make changes. In its final comment, Audit  
3 appreciated the response and agreed that bringing the issue to Commission Staff  
4 during the next base rate case would be a prudent use of resources for all parties  
5 and rate payers. As indicated above, the Company proposes to eliminate the  
6 residential block rate for Delivery Service. Thus, if approved, the SRAF would  
7 also be billed on total kWh which resolves the rounding issue raised by the Audit  
8 Division.

9  
10 **Q. What changes is the Company proposing to the External Delivery Charge**  
11 **tariff, Schedule EDC?**

12 A. The Company clarifies that the over- or under-recovery of costs of the Vegetation  
13 Management Program and Reliability Enhancement Program, already reconciled  
14 in the EDC, are extended beyond the years 2013-2015. See the testimony of Mr.  
15 David Chong. The EDC is also modified to include Active Hardship Protected  
16 Accounts whose receivable balances will be collected in base rates. Any  
17 payments made by customers towards the amortized balance will be credited. See  
18 the testimony of Mr. Daniel Main.

19  
20 **Q. What changes is the Company proposing to the tariff for Rates Applicable to**  
21 **Qualifying Facilities, Schedule QF?**

1 A. Schedule QF is modified here for a variety of housekeeping reasons. First, net  
2 metering in New Hampshire has been expanded up to One Megawatt in size (from  
3 25 kilowatts) for eligible renewable power sources installed behind the customer  
4 meter since schedule QF was last approved. In addition, current and proposed  
5 legislation and rules, and quite possibly future legislation and rules, provide for  
6 maximum capacity of installed kW statewide allowable under Net Energy  
7 Metering. The revisions here provide flexibility and detail on how customers  
8 which are no longer eligible for Net Energy Metering will be treated. The tariff  
9 now also clarifies how the short-run energy rate to be paid or credited for surplus  
10 kWh in a billing cycle will be calculated and that it will be for the ISO-NE New  
11 Hampshire load zone. Lastly, the tariff adds that the Company will use the “net  
12 metering method” of Small Customer Generators, as defined in Chapter Puc 900,  
13 for customers with installed generation of One Megawatt or less nameplate  
14 capacity rating.

15  
16 **Q. What changes is the Company proposing to the Terms and Conditions for**  
17 **Distribution Service?**

18 A. In addition to the minor housekeeping text changes shown, the Company proposes  
19 to update Appendix A and Appendix B of its Terms and Conditions for  
20 Distribution Service. Regarding Appendix A, the existing Account Restoration  
21 and Unscheduled Meter Read Charges do not reflect the current cost of providing  
22 the service. Company records indicate the existing charges have been in effect

1 since at least 2002. The updated charges proposed in this proceeding are more in  
2 line with current costs. Please note that virtually all such service is provided  
3 during normal business hours. Regarding Appendix B, the Company proposes to  
4 revise its line extension policy to reflect today's current business practices and  
5 changes requested by Commission Staff in docket IR 14-190.

6  
7 **Q. What changes is the Company proposing to the Terms and Conditions for**  
8 **Supplier Service?**

9 A. In Appendix B of the Terms and Conditions for Supplier Service, the existing  
10 charges for Enhanced Metering Service (Remote Access Metering and Pulse  
11 Output Service) and Interval Data Service do not reflect the current cost of  
12 providing the services. Similar to the charges mentioned above, these existing  
13 fees have been in effect for almost the same amount of time. The updated fees  
14 proposed in this proceeding are shown on proposed Revised Pages 44, 45 and 46  
15 of the Company tariff. Please note that only Interval Data Service has been  
16 requested by certain customers since the inception of these fees.

17  
18 **Q. Is the Company requesting that temporary rates be set in this proceeding?**

19 A. Yes. The Company requests that temporary rates be established in the amount of  
20 \$3,010,561 on an annualized basis to become effective on July 1, 2016. The  
21 development of the temporary rate amount is detailed in Schedule DLC-4. This

1 amount, when divided by the test year kWh of 1,214,203,082, yields a temporary  
2 surcharge of \$0.00248, which is shown in tariff Supplement No. 2.

3

4 **Q. Have you included all tariff changes resulting from this rate case?**

5 A. No. In addition to those tariff changes filed here, Unitil Energy will file a rate  
6 case surcharge tariff at the conclusion of this proceeding to recover rate case costs  
7 and the recoupment and reconciliation of temporary and permanent rates when the  
8 final amounts are known.

9

10 **IV. BILL IMPACTS**

11

12 **Q. Have you prepared an estimate of the bill impacts associated with this rate  
13 proposal?**

14 A. Yes. Schedule DJD-1 shows the bill impacts by rate class of the distribution  
15 changes proposed here. Of note with these pages, other than for the G1 class, the  
16 different levels of consumption and demand shown reflect individual bills falling  
17 within each category based on a 2015 bill frequency analysis I performed. It is  
18 probable that any individual customer other than the smallest consistent  
19 consumers will fall within different categories shown here due to the seasonal  
20 nature of some customer consumption patterns.

21

22 **Q. What are the ranges of bill impacts for each customer class?**

1 A. The summary table below shows the percent range of bill impacts by customer  
2 class. Schedules DDER and LED are not represented here since the Company  
3 does not currently have any Customers on either rate schedule. A typical 600  
4 kWh residential bill would see an impact of \$5.27, or 5.0%.

<u>Rate Class</u>	<u>Impact Range</u>
Domestic D	0.1 to 29.5%
General Service G2	0.8 to 19.7%
General Service G2 kWh meter	-17.9 to 27.1%
General Service G2 QRWH&SH	0.9 to 15.2%
General Service G1	1.1 to 7.3%
Outdoor Lighting OL	0.1 to 19.8%

5

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

7 A. Yes it does.