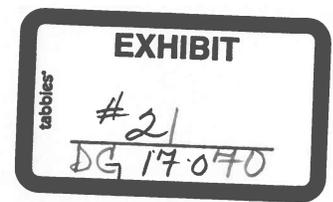


Northern Utilities, Inc.
Docket No. DG 17-070
Record Requests



Received: April 17, 2019
Record Request No. 2
Exhibit No. 21

Date of Response: April 24, 2019
Witness: Christopher LeBlanc and Cindy Carroll

Record Request:

Please re-run the CIAC calculation for the line extension project at 121 Corporate Drive, Portsmouth, NH, using actual costs and revenues.

Response:

The original project was for approximately 1,110' of 4" HDPE and two services that were to be installed on a private road as a builder dig. During construction, approximately 330' of main and one service was installed when the crews hit ledge. The contractor then requested that instead of continuing the excavation in the ledge on the private road to the next service location, the Company would instead install a 4" main extension from the end of our main on Corporate Drive. The original estimate for the original scope of work was a TPC of \$50,237 and an IPC of \$33,051

The new scope was to reduce the original customer dig main extension to the 330' already installed and then extend the existing 4" main on Corporate Drive approximately 730' to the second service location. The difference was that the main extension in the road and the service road crossing would be performed by Company contractor crews. This scope change was estimated at a TPC of \$91,306 and an IPC of \$60,070. An IRR analysis was run on this scope of work, and it passed the hurdle rate.

However, following engineering analysis on the extension and the estimate future load in the area, the engineering group requested that the 730' main extension have 8" HDPE installed instead of the 4" HDPE. A new estimate was completed for the 8" HDPE and the TPC was \$134,842 and an IPC of \$88,712. The Company did not allocate the cost increase due to increase in pipe size identified through engineering analysis to this customer, as this incremental increase is for a system benefit rather than the customers' line extension. Therefore, an updated IRR analysis was not completed for this change of scope.

Total expenditures on the project were \$154,340, which is about \$20,000 (fully loaded) more than the estimate of the 8" installation. This increase was associated with additional paving requirements attributed to the 8" installation.

A CIAC calculation using actual costs is provided in Excel file format as Record Request No. 2 Attachment 1.