

## RATE CASE EXPENSES CATEGORIES

**Marginal Cost Study (MCS) and Rate Design:** Black & Veatch Management Consulting, LLC (B&V) prepared testimony and exhibits on behalf of Unitil Energy for the Company's proposed MCS and proposed Rate Design. B&V will provide additional services such as answering discovery propounded on the MCS and Rate Design, assisting Unitil Energy in any settlement discussions and drafting Company briefs.

**Accounting Cost of Service Study (ACSS):** B&V prepared testimony and exhibits on behalf of Unitil Energy for the Company's proposed ACSS. B&V will provide additional services such as answering discovery propounded on the ACSS, assisting Unitil Energy in any settlement discussions and drafting Company briefs.

**Light Emitting Diode (LED) Program:** B&V prepared testimony and exhibits on behalf of Unitil Energy for the Company's proposed LED Program. B&V will provide additional services such as answering discovery propounded on the LED Program, assisting Unitil Energy in any settlement discussions and drafting Company briefs.

**Distributed Energy Resource (DER) Rates:** B&V prepared testimony and exhibits on behalf of Unitil Energy for the Company's proposed DER Rates. B&V will provide additional services such as answering discovery propounded on the DER Rates, assisting Unitil Energy in any settlement discussions and drafting Company briefs.

**Lead/Lag (L/L) Study:** Management Applications Consulting, Inc. (MAC) prepared testimony and exhibits on behalf of Unitil Energy for the Company's proposed L/L Study. MAC will provide additional services such as answering discovery propounded on the L/L Study, assisting Unitil Energy in any settlement discussions and drafting Company briefs.

**Return on Equity (ROE):** Sussex Economic Advisors, LLC<sup>1</sup> (Sussex) prepared testimony and exhibits on behalf of Unitil Energy for the Company's proposed ROE. Sussex will provide additional services such as answering discovery propounded on the ROE, assisting Unitil Energy in any settlement discussions and drafting Company briefs.

**Commission Consultants:** These expenses include Commission invoices submitted to Unitil Energy for work provided by contract consultants on behalf of the Commission in this full rate case proceeding, DE 16-384, and in the other Commission proceedings such as: IR 15-296, Investigation into Grid Modernization; and DE 16-576, Development of New Alternative Net Metering Tariffs and/or Other Regulatory Mechanisms and Tariffs for Customer-Generators.

**Administration and Miscellaneous:** Various expenses such as printing and couriers of Company filings, discovery, and other documents, publishing order of notice, hearings transcripts, etc.

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<sup>1</sup> On June 1, 2016 Sussex was acquired by ScottMadden Inc.

**Unitil Energy Systems, Inc.****2016 Electric Base Rate Case Outside Consultant Procurement Procedure**

Unitil Energy Systems, Inc. will procure outside expertise to prepare several specialized studies for an electric base rate case filing. It will procure this expertise using a competitive bid process by issuing a Request For Proposals (RFP) and analyzing proposed bids as described below.

Analysis, evaluation and scoring (5 is highest; 1 is lowest) consultant bids for each scope of work within the RFP considerations may include, but are not limited to, the following:

**1. Corporate Capability (Experience)**

- Overall corporate capability
- Does the Company have a previous positive experience with bidder?
- Corporate experience with similar issues
- Does the bidder demonstrate knowledge about the subject matter?
- Has the bidder provided this type of service before?
- Will the bidder utilize experienced staff on this project?

**2. Project Team Capability (Experience)**

- Qualification of proposed staff
- Qualification of proposed staff in area subject matter
- Has proposed staff provided this type of service before?
- Has a Project Manager been identified?
- Have references for the Project Manager been identified/provided

**3. Technical Approach (Quality)**

- Response to the RFP requirements
- Does the work breakdown indicate bidder understands scope of assignment, and is it appropriate and complete?
- Was a work breakdown of project tasks and staff assigned to each task provided?
- Did response include an outline of the planned schedules and workpapers that will support the findings and recommendations?
- Proposed innovative approaches

**4. Overall Proposal (Quality)**

- Is the proposal clearly written?
- Does the proposal fully respond to the task area?
- Does the proposal indicate bidder fully understands all issues and tasks associated with task area?
- Is the proposal concise?

**5. Pricing (Cost)**

- Proposed price for the work
- Proposed unit rates, including markup

**6. Commercial Review (Availability)**

- Minor commercial impediments

- Major commercial impediments
- Has the bidder indicated they have adequate resources to meet the deadline(s)?
- Has the bidder provided a schedule that meets necessary deadlines?

**7. Interviews, if any.**

When selecting and procuring winning consultant bid(s) considerations may include, but are not limited to, the following:

**8. Selecting Consultant**

- List consultant scores (by individual and/or combined scope of work)
- Compare consultant scores

**9. Procuring Consultant(s)**

- Enter Rate Case Consulting Services Agreement with consultant winner(s)
- Notify consultant losers

DE 16-384  
 Unitil Energy Systems 2016 Base Rate Case  
 Report of Rate Case Expense

|   | Estimate from<br>April 29, 2016 Filing | Actual paid as<br>of July 28, 2016 |
|---|--|------------------------------------|
| <b><u>Marginal Cost Study and Rate Design</u></b> |  |                                    |
| Black & Veatch                                    | \$ 63,210                              | \$ 48,140                          |
| <b><u>Accounting Cost of Service Study</u></b>    |  |                                    |
| Black & Veatch                                    | \$ 46,915                              | \$ 36,394                          |
| <b><u>Light Emitting Diode Program</u></b>        |  |                                    |
| Black & Veatch                                    | \$ 12,915                              | \$ 7,569                           |
| <b><u>Distributed Energy Resources Rates</u></b>  |  |                                    |
| Black & Veatch                                    | \$ 33,610                              | \$ 25,180                          |
| <b><u>Lead Lag Study</u></b>                      |  |                                    |
| Management Applications Consulting                | \$ 33,700                              | \$ 21,075                          |
| <b><u>Return on Equity</u></b>                    |  |                                    |
| Sussex Economic Advisors                          | \$ 78,760                              | \$ 14,625                          |
| <b><u>Commission Expenses</u></b>                 | \$ 65,000                              | \$ 6,920                           |
| <b><u>Administration and Miscellaneous</u></b>    |  |                                    |
| Printing, Publishing, Transcripts, etc.           | \$ 2,890                               | \$ 2,730                           |
| <b>TOTAL RATE CASE EXPENSES</b>                   | <b>\$ 337,000</b>                      | <b>\$ 162,633</b>                  |