

RATE CASE EXPENSES CATEGORIES

Legal: To date, the Company's internal legal counsel has handled all legal-related aspects of this proceeding.

Accounting Cost of Service Study (ACSS): Management Applications Consulting (MAC) prepared testimony and exhibits on behalf of Northern Utilities, Inc. for the Company's proposed ACSS. MAC will provide additional services such as answering discovery propounded on the ACSS, assisting the Company in any settlement discussions and drafting Company briefs.

Marginal Cost Study (MCS): MAC prepared testimony and exhibits on behalf of Northern Utilities, Inc. for the Company's proposed MCS. MAC will provide additional services such as answering discovery propounded on the MCS, assisting the Company in any settlement discussions and drafting Company briefs.

Rate Design: MAC prepared testimony and exhibits on behalf of Northern Utilities, Inc. for the Company's proposed rate design study. MAC will provide additional services such as answering discovery propounded on rate design, assisting the Company in any settlement discussions and drafting Company briefs.

Depreciation: MAC prepared testimony and exhibits on behalf of Northern Utilities, Inc. for the Company's proposed depreciation study. MAC will provide additional services such as answering discovery propounded on depreciation, assisting the Company in any settlement discussions and drafting Company briefs.

Lead/Lag (L/L) Study: MAC helped prepare exhibits on behalf of Northern Utilities, Inc. for the Company's proposed L/L Study. MAC will provide additional services such as assisting in the answering of discovery and helping the Company in any settlement discussions and drafting Company briefs.

Return on Equity (ROE): ScottMadden prepared testimony and exhibits on behalf of Northern Utilities, Inc. for the Company's proposed ROE. ScottMadden will provide additional services such as answering discovery propounded on the ROE, assisting the Company in any settlement discussions and drafting Company briefs.

Commission Expenses: These expenses include Commission invoices submitted to Northern Utilities, Inc. for work provided by contract consultants on behalf of the Commission in this full rate case proceeding, DG 17-070.

Administration and Miscellaneous: Various expenses such as temporary help (Kroll, Becker, & Wing), printing and couriering of Company filings, discovery, and other documents, publishing order of notice, hearings transcripts, etc. Kroll, Becker, & Wing supported development of cost of service testimony and discovery.

Northern Utilities, Inc. ("Northern")

2017 Base Rate Case Outside Consultant Procurement Procedure

Northern will procure outside expertise to prepare several specialized studies for a gas 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.

When evaluating 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
- Select highest scoring consultant(s)

9. Procuring Consultant(s)

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

DG 17-070
Northern Utilities, Inc. 2017 Base Rate Case
Report of Rate Case Expense

	Estimate June 5, 2017 Filing	Actual as of <u>February 20, 2018</u>
<u>Legal</u>		
Roach & Hewitt	\$100,000	\$0
<u>Accounting Cost of Service Study</u>		
Management Applications Consulting	\$66,000	\$34,250
<u>Marginal Cost Study</u>		
Management Applications Consulting	\$17,000	\$7,400
<u>Rate Design</u>		
Management Applications Consulting	\$26,000	\$14,513
<u>Depreciation</u>		
Management Applications Consulting	\$51,000	\$27,013
<u>Lead Lag Study</u>		
Management Applications Consulting	\$18,000	\$15,775
<u>Return on Equity</u>		
ScottMadden	\$85,000	\$46,848
<u>Commission Expenses</u>		
Commission Consultants	\$20,000	\$0
<u>Administration and Miscellaneous</u>		
Temporary Help (KBW), Printing , Publishing, Transcripts, Currier etc.	\$33,000	\$25,717
TOTAL RATE CASE EXPENSES	\$416,000	\$171,515