

Unitil - Northern Gas Meter Testing Cost Analysis

Cost Analysis

The 2014 cost for Northern to outsource the testing of the 1492 meters associated with its NH customers was \$31,598.36, or an average of \$21.18 per meter.

The total cost for the 3314 meters associated with Unitil's three gas companies was \$61,096.40, or \$18.44 per meter.

It is estimated that in order to bring the meter testing and servicing operation back in-house, Unitil would need to hire two full-time employees and the annual cost with benefits would be:

2 Full Time Employees w/ Benefits	\$161,436
Utility Expenses	\$3,500
Tool Replacements	\$1,000
Total	\$165,936

The estimated annual cost of \$165,936 for two employees, utilities, and tools would result in the cost per meter test for the 3314 meters tested in 2014 to be \$50.07 per meter.

Additional consideration should be taken for the start-up costs that would be incurred and depreciated over time to facilitate a meter testing laboratory are as follows:

Start-up Costs	Location	
	Fitchburg	Portsmouth
Facility Estimate	\$399,367	\$974,436
Equipment Estimate	\$250,156	\$250,156
Total	\$649,523	\$1,224,592

Conclusion

Due to the estimated annual operating costs of \$161,436 exceeding the current annual expenditures of \$61,096.40 paid to vendors for performing testing, it is not economical at this time for Unitil to pursue establishing a gas meter testing facility.

NU-NH 2014 Meter Test Cost Summary

Description of Test/Repair	Size of Meter	Cost per Test	Quantity	Test Cost
Class A Repair	Domestic	\$ 22.25	61	\$ 1,357.25
Class A Repair	Class 400	\$ 22.12	5	\$ 110.60
Class A Repair	Class 700	\$ 58.79	0	\$ -
Class A Repair	Class 800/1000	\$ 62.25	0	\$ -
Class A Repair	Rotary (all sizes)	\$ 72.00	0	\$ -
Intest/Condemn; or Class B & C Test only	Domestic	\$ 9.81	1058	\$ 10,378.98
Intest/Condemn; or Class B & C Test only	Class 400	\$ 9.81	92	\$ 902.52
Intest/Condemn; or Class B & C Test only	Class 700 - 1000	\$ 57.46	104	\$ 5,975.84
Intest/Condemn; or Class B & C Test only	Class 1400	\$ 64.99	0	\$ -
Intest/Condemn; or Class B & C Test only	Class 2300	\$ 70.32	0	\$ -
Intest/Condemn; or Class B & C Test only	Class 5000	\$ 76.99	0	\$ -
Intest/Condemn; or Class B & C Test only	Rotary 1.5M - 7M	\$ 69.86	162	\$ 11,317.32
Intest/Condemn; or Class B & C Test only	Rotary 11M	\$ 72.53	8	\$ 580.24
Intest/Condemn; or Class B & C Test only	Rotary 16M	\$ 75.19	2	\$ 150.38
Intest/Condemn; or Class B & C Test only	Rotary 23M	\$ 80.53	0	\$ -
			1492	\$ 30,773.13
				Shipping Expenses
				\$ 825.23
				Total
				\$ 31,598.36

Shipping Breakdown		
Diaphragm 0 - 500 CFH	81.5%	\$ 672.57
Diaphragm > 500 CFH	7.0%	\$ 57.52
Rotary	11.5%	\$ 95.13
	100.0%	\$ 825.23

PUC Meter Group Classification	# of Meters	Total Expense	Cost per Meter
Diaphragm 0 - 500 CFH	1216	\$ 13,421.92	\$ 11.04
Diaphragm > 500 CFH	104	\$ 6,033.36	\$ 58.01
Rotary	172	\$ 12,143.07	\$ 70.60
Average Cost Per Meter	1492	\$ 31,598.36	\$ 21.18

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1995 Industrial Blvd

Reynoldsville, PA 15851

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Sales Order No: 14

Order Date: 03/09/12

Page: 1

Customer Phone: (603) 294-5154

Customer Fax: (603) 431-6476

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NORTHERN UTILITIES NH
325 WEST ROAD
PORTSMOUTH, NH 03801

ATTN: STEVEN HAMBLÉN

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NORTHERN UTILITIES NH
325 WEST ROAD
PORTSMOUTH, NH 03801

ATTN: STEVEN HAMBLÉN

Taxable: N
Pmt Terms: NET 30
Account Cd: UNITIL PL
Salesperson: 0

Purchase Order: NNH65152
Ship Via: UI TRUCK
FOB: PLANT
Job Number:

Line	Order Qty	Part# / Description	DISC	Price	UM	Extended Price	Est Ship
0		INTEST/CON DOM	0.00	\$11.8100	EA	\$0.00	09/12/12
		INTEST/CONDEMN DOMESTIC METERS					
0		INTEST/CON 400	0.00	\$11.8100	EA	\$0.00	09/12/12
		INTEST/CONDEMN 400'S METERS					
0		INTEST/CON LC	0.00	\$62.4600	EA	\$0.00	09/12/12
		700-1000 CONDEMN FEE					
0		INTEST/CON LC	0.00	\$69.9900	EA	\$0.00	09/12/12
		AL1400 CONDEMN FEE					
0		INTEST/CON LC	0.00	\$75.3200	EA	\$0.00	09/12/12
		AL2300 CONDEMN FEE					
0		INTEST/CON LC	0.00	\$81.9900	EA	\$0.00	09/12/12
		AL5000 CONDEMN FEE					
0		INTEST/CON ROT	0.00	\$74.8600	EA	\$0.00	09/12/12
		1.5M-7M CONDEMN FEE					
0		INTEST/CON ROT	0.00	\$77.5300	EA	\$0.00	09/12/12
		11M CONDEMN FEE					
0		INTEST/CON ROT	0.00	\$80.1900	EA	\$0.00	09/12/12
		16M CONDEMN FEE					
0		INTEST/CON ROT	0.00	\$85.5300	EA	\$0.00	09/12/12
		23M CONDEMN FEE					
0		INTEST DOM	0.00	\$28.0000	EA	\$0.00	09/12/12
		SPECIAL TEST DOMESTIC METER					
0		LC INTEST	0.00	\$52.6700	EA	\$0.00	09/12/12
		SPECIAL TEST LARGE CAPACITY					
0		ROTARY INTEST	0.00	\$47.0000	EA	\$0.00	09/12/12
		SPECIAL TEST ROTARY METER					
0		DDM	0.00	<\$2.0000>	EA	\$0.00	09/12/12
		SCRAP CREDIT FOR DOM/400 METERS					

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Salesperson: 0

Purchase Order: NNH65152
Ship Via: UI TRUCK
FOB: PLANT
Job Number:

Line	Order Qty	Part# / Description	DISC	Price	UM	Extended Price	Est Ship
	0	LDM SCRAP CREDIT FOR LC METER	0.00	<\$5.0000>	EA	\$0.00	09/12/12
	0	ROT SCRAP CREDIT FOR ROTARY METE	0.00	<\$5.0000>	EA	\$0.00	09/12/12
	0	REPAIR CLASS A AMERICAN DOMESTIC METERS	0.00	\$22.2500	EA	\$0.00	09/12/12
	0	REPAIR CLASS B AMERICAN DOMESTIC METERS	0.00	\$34.9000	EA	\$0.00	09/12/12
	0	REPAIR CLASS C AMERICAN DOMESTIC METERS	0.00	\$40.1100	EA	\$0.00	09/12/12
	0	REPAIR CLASS D AMERICAN DOMESTIC METERS	0.00	\$75.7700	EA	\$0.00	09/12/12
	0	EXTRA PARTS DOM AMERICAN DOMESTIC EXTRA PARTS	0.00	\$0.0000	EA	\$0.00	09/12/12
	0	REPAIR CLASS A ROCKWELL DOMESTIC METERS	0.00	\$22.2500	EA	\$0.00	09/12/12
	0	REPAIR CLASS B ROCKWELL DOMESTIC METERS	0.00	\$34.9000	EA	\$0.00	09/12/12
	0	REPAIR CLASS C ROCKWELL DOMESTIC METERS	0.00	\$40.1100	EA	\$0.00	09/12/12
	0	REPAIR CLASS D ROCKWELL DOMESTIC METERS	0.00	\$75.7700	EA	\$0.00	09/12/12
	0	EXTRA PARTS DOM ROCKWELL DOMESTIC EXTRA PARTS	0.00	\$0.0000	EA	\$0.00	09/12/12
	0	REPAIR CLASS A 400 CLASS METER	0.00	\$22.1200	EA	\$0.00	09/12/12
	0	REPAIR CLASS B	0.00	\$35.8300	EA	\$0.00	09/12/12

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FOB: PLANT
Job Number:

Line	Order Qty	Part# / Description	DISC	Price	UM	Extended Price	Est Ship
		400 CLASS METER					
	0	REPAIR CLASS C	0.00	\$41.6700	EA	\$0.00	09/12/12
		400 CLASS METER					
	0	REPAIR CLASS D	0.00	\$99.4400	EA	\$0.00	09/12/12
		400 CLASS METER					
	0	EXTRA PARTS DOM	0.00	\$0.0000	EA	\$0.00	09/12/12
		400 CLASS EXTRA PARTS					
		CLASS A REPAIR	0.00	\$58.7900	EA	\$0.00	09/12/12
		700 CLASS LARGE CAPACITY METEκ					
	0	CLASS B REPAIR	0.00	\$114.8600	EA	\$0.00	09/12/12
		700 CLASS LARGE CAPACITY METEκ					
	0	CLASS C REPAIR	0.00	\$135.9300	EA	\$0.00	09/12/12
		700 CLASS LARGE CAPACITY METEκ					
	0	CLASS D REPAIR	0.00	\$205.1100	EA	\$0.00	09/12/12
		700 CLASS LARGE CAPACITY METEκ					
	0	EXTRA PARTS LC	0.00	\$0.0000	EA	\$0.00	09/12/12
		700 CLASS LC METER EXTRA PARTS					
		CLASS A REPAIR	0.00	\$62.2500	EA	\$0.00	09/12/12
		AL800/1000 LC METER					
	0	CLASS B REPAIR	0.00	\$114.3400	EA	\$0.00	09/12/12
		AL800/1000 LC METER					
	0	CLASS C REPAIR	0.00	\$147.5000	EA	\$0.00	09/12/12
		AL800/1000 LC METER					
	0	CLASS D REPAIR	0.00	\$372.7300	EA	\$0.00	09/12/12
		AL800/1000 LC METER					
	0	EXTRA PARTS LC	0.00	\$0.0000	EA	\$0.00	09/12/12
		AL800/1000 LC EXTRA PARTS					

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Account Cd: UNITIL PL
Salesperson: 0

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Ship Via: UI TRUCK
FOB: PLANT
Job Number:

Line	Order Qty	Part# / Description	DISC	Price	UM	Extended Price	Est Ship
0		CLASS A REPAIR	0.00	\$67.0800	EA	\$0.00	09/12/12
		AL1400 LARGE CAPACITY METER					
0		CLASS B REPAIR	0.00	\$136.9300	EA	\$0.00	09/12/12
		AL1400 LARGE CAPACITY METER					
0		CLASS C REPAIR	0.00	\$164.7800	EA	\$0.00	09/12/12
		AL1400 LARGE CAPACITY METER					
0		CLASS D REPAIR	0.00	\$945.8800	EA	\$0.00	09/12/12
		AL1400 LARGE CAPACITY METER					
0		EXTRA PARTS LC	0.00	\$0.0000	EA	\$0.00	09/12/12
		AL1400 LC EXTRA PARTS					
0		CLASS A REPAIR	0.00	\$75.4200	EA	\$0.00	09/12/12
		AL2300 LARGE CAPACITY METER					
0		CLASS B REPAIR	0.00	\$165.2000	EA	\$0.00	09/12/12
		AL2300 LARGE CAPACITY METER					
0		CLASS C REPAIR	0.00	\$202.5400	EA	\$0.00	09/12/12
		AL2300 LARGE CAPACITY METER					
0		CLASS D REPAIR	0.00	\$1,487.0700	EA	\$0.00	09/12/12
		AL2300 LARGE CAPACITY METER					
0		EXTRA PARTS LC	0.00	\$0.0000	EA	\$0.00	09/12/12
		AL2300 LC EXTRA PARTS					
0		CLASS A REPAIR	0.00	\$79.1200	EA	\$0.00	09/12/12
		AL5000 LARGE CAPACITY METER					
0		CLASS B REPAIR	0.00	\$176.9400	EA	\$0.00	09/12/12
		AL5000 LARGE CAPACITY METER					
0		CLASS C REPAIR	0.00	\$205.3400	EA	\$0.00	09/12/12
		AL5000 LARGE CAPACITY METER					
0		CLASS D REPAIR	0.00	\$1,703.2000	EA	\$0.00	09/12/12
		AL5000 LARGE CAPACITY METER					

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Account Cd: UNITIL PL
Salesperson: 0

Purchase Order: NNH65152
Ship Via: UI TRUCK
FOB: PLANT
Job Number:

Line	Order Qty	Part# / Description	DISC	Price	UM	Extended Price	Est Ship
	0	EXTRA PARTS LC AL5000 LC EXTRA PARTS	0.00	\$0.0000	EA	\$0.00	09/12/12
	0	ROTARY REPAIR B 1.5M ROTARY METER	0.00	\$238.7900	EA	\$0.00	09/12/12
	0	ROTARY REPAIR B 3M-5M ROTARY METER	0.00	\$251.6500	EA	\$0.00	09/12/12
	0	ROTARY REPAIR B 7M ROTARY METER	0.00	\$264.8100	EA	\$0.00	09/12/12
	0	ROTARY REPAIR B 11M ROTARY METER	0.00	\$280.2500	EA	\$0.00	09/12/12
	0	ROTARY REPAIR B 16M ROTARY METER	0.00	\$305.7700	EA	\$0.00	09/12/12
	0	ROTARY REPAIR B 23M ROTARY METER	0.00	\$362.0100	EA	\$0.00	09/12/12
	0	EXTRA PARTS ROT ROTARY METER EXTRA PARTS	0.00	\$0.0000	EA	\$0.00	09/12/12
	0	DDM INSTALL BADGES	0.00	\$2.8900	EA	\$0.00	09/12/12
	0	DDM INSTALL BADGER UNITS	0.00	\$5.1000	EA	\$0.00	09/12/12
	0	DDMERT INSTALL ERTS	0.00	\$5.1000	EA	\$0.00	09/12/12
	0	DELVCHG DELV CHARGE TO PICK UP METERS	0.00	\$0.0000	EA	\$0.00	09/12/12

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Taxable: N
Pmt Terms: NET 30
Account Cd: UNITIL PL
Salesperson: 0

Purchase Order: NNH65152
Ship Via: UI TRUCK
FOB: PLANT
Job Number:

Line	Order Qty	Part# / Description	DISC	Price	UM	Extended Price	Est Ship
	0	DELVCHG DELV CHARGE TO DELIVER METERS	0.00	\$0.0000	EA	\$0.00	09/12/12

Return Policy: 30 days: No charge for manufacturers defect, otherwise 30% restock fee. Special Orders: NO Returns unless defective.

Subtotal: \$0.00
Sales Tax: \$0.00
Freight: \$0.00

Total: \$0.00