



DG 17-184

August 24, 2017

NHPUC 25AUG17AM9:39

BY OVERNIGHT MAIL AND E-MAIL

Debra A. Howland
Executive Director and Secretary
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301-2429

RE: Docket No. DG 14-222, Northern Utilities, Inc., Request for Waiver of Puc 505.07(a)

Dear Director Howland:

Please accept this letter as the request of Northern Utilities, Inc. ("Northern" or "the Company") for a waiver, pursuant to N.H. Code Admin. Rule Puc 201.05, and in accordance with condition two of the New Hampshire Public Utilities Commission's April 1, 2015 Secretarial Letter in docket DG 14-222, of the requirement of Rule Puc 505.07(a), that the Company maintain facilities and equipment necessary for accurately testing all types and sizes of meters employed for the measurement of gas to its customers, and to allow it to have such testing done elsewhere. Northern requests a new waiver of four (4) years beginning October 28, 2017.

With the pending expiration of the previously granted waiver, Northern has performed an analysis, similar in scope and detail to that performed and submitted in DG 10-245 and DG 14-222, as to whether it would be more cost-effective to pursue purchasing meter testing equipment and facilities or to continue to contract with qualified outside service companies for this testing. The results of this analysis finds that the estimated annual operating costs of \$175,767 would exceed the current annual expenditures of \$64,371 paid to vendors for performing testing for Northern's meters, as well as those of its two affiliated gas companies. On an average per meter basis, the current outsourcing of the testing costs approximately \$19.15 per meter, while the estimated cost for in-house testing would be \$52.28 per meter. Accordingly, the Company concludes that it is not economical at this time to pursue establishing a gas meter testing facility.

Enclosed please find the Company's Annual Report of Gas Meter Costs for 2016 which includes:

- 1) Meter testing program cost analysis of Northern-NH Division's annual outsourced gas meter testing program costs.
- 2) Copy of a "Utility and Industries" quote for cost of service.
- 3) Cost benefit analysis of Unitil Corporation's three gas divisions to outsource the meter testing program.

Gary Epler
Chief Regulatory Counsel
epler@unitil.com

6 Liberty Lane West
Hampton, NH 03842

Debra A. Howland, Executive Director

DG 14-222

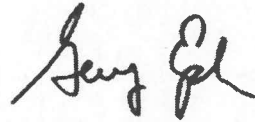
August 24, 2017

Page 2

These materials provide an updated cost estimate for bringing the meter testing and servicing operations "in-house."

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary Epler". The signature is fluid and cursive, with the first name "Gary" and last name "Epler" clearly distinguishable.

Gary Epler

Attorney for Northern Utilities, Inc.

Enclosures

cc: Randall Knepper, P.E., Director, Safety Division