



Northern Utilities, Inc.
Docket No. DG 18-094
Petition for Authority to Operate as a Public Utility
in the Town of Epping
Record Request 1 - 1

Received: January 8, 2019

Date of Response: January 17, 2019

Record Request No. 1-2

Witness: Todd Diggins and Andre Francouer

Request:

Please provide a Redacted copy of the Company's response to Technical Session Request 1-2 (Confidential version marked as Hearing Exhibit 8).

Response:

Please Attachment 1 to this Record Request.

Northern Utilities, Inc.
Docket No. DG 18-094
Petition for Authority to Operate as a Public Utility
in the Town of Epping
Technical Session Data Request

Received: November 1, 2018

Date of Response: November 6, 2018

Request No. Staff Tech 1-2

Witness: Todd Diggins

REDACTED

Request:

For the potential G-42 customer and each of the potential customers located in the Waterstone property located along the planned Epping main expansion, please provide the following:

- a) Current fuel source
- b) Customer rate class
- c) Estimate annual sales
- d) Estimated annual revenue
- e) Total combined annual sales
- f) Total combined annual revenue
- g) Total combined revenue compared to total revenue in the DCF analysis (amount)
- h) Total combined revenue compared to total revenue in the DCF analysis (percent)
- i) NPV of the total combined revenue

Response (Redacted Version):

The assessor's data provided by the Town of Epping indicates that the potential G-42 customer's current "fuel type" is "gas". Since there is no natural gas available in the area the Company assumes this reference is to Liquefied Propane Gas ("LPG").

The assessor's data provided by the Town of Epping does not indicate any current "fuel type" for the Waterstone properties (the field is blank). However, the Company has confirmed by through visual inspection that the current fuel type at these properties is LPG.

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The table below illustrates the contribution of these potential customers to total annual unit sales and revenues in the discounted cash flow ("DCF") model.

Table 1:

<i>Customer</i>	<i>Class</i>	<i>Count</i>	<i>Estimated Annual Sales (Therms)</i>	<i>Estimated Annual Revenue</i>
Waterstone	G40	25	50,540	\$32,689
Waterstone	G41	1	20,241	\$7,562
Walmart	G42	1	188,682	\$50,844
Total:			259,463	\$91,095
% of DCF Model Total:			26%	21%
DCF Model Total:			998,962	442,836

Attached as Staff Tech 1-2 Attachment 1 is the DCF Model (Staff 1-10 Attachment 1 – Exhibit CCDC -6), which has been updated for the following:

We have added 10 G40 customers based assuming a 100% conversion rate area for the Waterstone properties located at Brickyard Square in Epping. This brings the total G40 customers in the DCF model to 143. The steps below describe the calculation of the 10 additional G40 customers.

1. 25 customers x 60% penetration rate = 15 customers included in Staff 1-10 Attachment 1 – Exhibit CCDC-6

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2. 25 customers x 100% penetration rate = 25 customers in the attached DCF model (Tech Session – 2 Attachment 1)
3. 25 customers – 15 customers = 10 new G40 customers added to the DCF model

No additional capital spending associated with services was included in the DCF model for these customers as only 1 service will be required for this retail center.

We have also increased capital costs by \$5,850 for the updated estimates for erosion control (as detailed in Tech Session – 01) which brings the total capital cost of this project to \$2,969,827.

The updated net present value in the DCF model using a discount window of 10 years for commercial and industrial customers and 20 years for residential customers is [REDACTED]. The net present value using a discount window of 20 years for all customer classes is [REDACTED]. Both internal rates of return surpass the Company's hurdle rate. These results demonstrate that the proposed Town of Epping franchise expansion is economically viable.

Unitil - NuNH Gas - CONFIDENTIAL WORKBOOK

Epping NH - Economic Assessment

Project Inputs:

Relative Year	-	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Absolute Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033

Total Project Capital Cost

Total

[illegible][illegible]

Model Results:

	Dynamic 10-Yr (C&I) Analysis		Dynamic 20-Yr (Res) Analysis	
	Results	Benchmark	Results	Benchmark
	10		20	
Net Company Capital Expenditure	\$ 2,969,827		\$ 2,969,827	

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15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34
2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053

REDACTED

Unitil - NuNH Gas

Relative Year ==>	-	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	
Absolute Year ==>	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054

Capital Expenditures
Construction Project
Net Capital Expenditure

Book Depreciation

Rate Base

Revenue Build

Income Statement

Cash Flows

Gas Distribution Plant - Typical Line Extension Accounts

Property Tax Analysis - Schedule 32

1	2	3	4	5
NU NH Revenue Rates				
Class	Cust per Mth	Dist per Therm	Demand per MDD	
01 R6				
02 R5				
03 R11				
04 R10				
05 G40				
06 G41				
07 G42				
08 G50				
09 G51				
10 G52				