

Division 28-3 (Supplemental)

Request:

Referring to the response to Division Data Requests 20-3 and 20-4, please explain the reasons for the increase in "Growth" capital spending from Fiscal Years 2016 and 2017 to the 12 Months Ending August 31, 2018 and August 31, 2019.

Response:

Referencing the Company's response to Division 20-4, Fiscal Year 2016 growth capital spending is approximately \$2.1 million higher than Fiscal Year 2017 growth capital spending. The Gas System Reinforcement program represents 85 percent, or \$1.7 million, of the difference. The Gas System Reinforcement program capital projects vary year to year based on the outcome of the annual modeling of the Company's load forecast and customer need.

Referencing the Company's response to Division 20-3 adjusted per the Company's response to Division 16-24, the 12 months ending August 31, 2018 is approximately \$1.2 million lower than 12 months ending August 31, 2019.

A lower number of units and the associated unit cost for the installation of new main and services in the 12 months ending August 31, 2018 contributes to \$2.4 million of lower costs compared to 12 months ending August 31, 2019. Offsetting the lower cost for installation of new main and services is a \$1.2 million increase in the projected Gas System Reinforcement program projects related to the Company's load forecast and customer need in the 12 months ending August 31, 2019 time period.

Supplemental Response:

The main reason for the increase in Growth capital spending when comparing the 12 months ending August 31, 2018 and August 31, 2019 to the actual capital spending from Fiscal Years 2016 and 2017 is the Gas System Reinforcement program.

The Gas System Reinforcement program capital projects vary year to year based on the outcome of the annual modeling of the Company's load forecast and customer need.

Also contributing to the higher Growth capital spending is the projected higher unit costs for the installation of new main and services in the 12 months ending August 31, 2018 and August 31, 2019.