



State of Rhode Island
Division of Public
Utilities & Carriers

To: Luly Massaro
Commission Clerk

From: Albert De Miranda, Rate Analyst

Date: July 26, 2018

RE: Docket 3476 – Gas Service Quality Plan - Request for Relief from Penalty

On June 22, 2018, National Grid (“National Grid” or “Company”) filed a request for relief from a penalty under the Gas Service Quality Plan (“Plan”) due to an exogenous event. According to the filing, the Company would not meet its annual (July 1, 2017 – June 30, 2017) On-Cycle Meter Reads target under the Plan due to the reallocation of the meter reading workforce during the October 29-30, 2017 storm event (the October Storm). As a result of the reallocation of meter readers, the Company did not read any meters during the week of October 30, 2017. This, in turn, caused the Company’s On-Cycle Meter Reads to fall below the penalty threshold of 98.53 percent for the 12-month period ending June 30, 2017.¹

The Service Quality Plan allows the Company to seek relief due to exogenous and/or force majeure events. The Plan states in part:

“To the extent that unforeseen exogenous events which are beyond the Company’s reasonable control may cause the Company to be outside the deadband . . . The Company will be able to identify and quantify such impact and exclude it from the annual calculation. The burden of proof lies with the Company and to demonstrate that an event was exogenous and had a significant impact on the Company’s annual performance results”.

The Company explained in its filing why it considers the October Storm to be an exogenous event and states that it is seeking relief from the penalty because it is the direct result of the impact of the October Storm. The Company also claims that had it not been for the October Storm it would not be in a penalty

¹ The Company made its filing prior to the end of the annual period because it had sufficient information to determine it would be in a penalty situation.

situation. Subsequent to the filing, the Division obtained the actual meter reading information for the plan year to verify the Company's claim. The information is summarized below:

<u>Description</u>	<u>Plan Year Ending 6/30/2018</u>	<u>National Grid Scheduled Reads For Week of October Storm</u>	<u>Plan Year Adjusted for October Storm</u>
Actual Reads	3,273,966		3,273,966
Scheduled Reads	3,362,503	74,681	3,287,822
% Actual Reads	97.37%		99.58%

The table shows that for the year ending June 30, the actual On-Cycle Meter Reads were 97.37% which falls below the penalty threshold. When the 74,681 reads scheduled for the week of the October Storm are removed from the calculation, the Company's actual reads reach 99.58%. This is well above the penalty threshold of 98.53% and verifies the Company's claim that had it not been for the October Storm the Company would not have fallen below the penalty threshold for its On-Cycle Meter Reads.

The number of scheduled reads for the week of the storm was higher than a simple weekly average of the annual scheduled reads. Taking the annual scheduled reads of 3,362,503 and dividing by 50 weeks results in an average of 67,000. The higher the number of scheduled reads results in a higher percentage of actual reads when the number of scheduled reads is removed from our calculation. To ensure that NGrid would have met the threshold requirements had the number of scheduled reads been in line with an average week, we re-calculated the percentage based on an average week of 67,000 scheduled reads. The table below shows that even at this lower number, NGrid would have met the meter reading threshold.

<u>Description</u>	<u>Plan Year Ending 6/30/2018</u>	<u>Average Weekly Meter Reads (based on 50 weeks)</u>	<u>Plan Year Adjusted for an Average Week</u>
Actual Reads	3,273,966		3,273,966
Scheduled Reads	3,362,503	67,000	3,295,503
% Actual Reads	97.37%		99.34%

The Division reviewed the Company's filing in detail and concluded that the Company supported its claim that the October Storm was an exogenous event and it was this event that caused the Company to fall below the On-Cycle Meter Read threshold. Based on our review and conclusions, the Division recommends the Commission approve the Company's request for relief from the penalty as filed.