

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION**

IN RE: THE NARRAGANSETT	:	
ELECTRIC COMPANY, d/b/a	:	DOCKET NO. 4251
NATIONAL GRID TARIFF ADVICE	:	DOCKET NO. 4252
TO AMEND R.I.P.U.C. NG-GAS No.	:	
101 AND R.I.P.U.C.-ELECTRIC NO. 2072	:	

ORDER

On May 24, 2011, the Narragansett Electric Company, d/b/a National Grid (hereinafter “NGrid” or “the Company”) filed a tariff advice seeking to modify its existing gas tariff, entitled General Terms and Conditions, R.I.P.U.C. NG-GAS, No. 101, Section 1, Schedule A, Sheets 4 and 5, Third Revision and the Definitions contained in Section 1, Schedule B, Sheet 1 Fifth Revision and a tariff advice to modify its existing electric tariff, entitled Terms and Conditions for Distribution Service, R.I.P.U.C. No. 2072. Both tariff advice filings sought an effective date of June 27, 2011.¹ In the Docket No. 4251 filing, NGrid requests approval to add a new section 3.1, Billing Termination (“Soft-Off”) to its General Terms and Conditions and to amend its Definitions to reflect the inclusion of the Company’s current Soft-Off policy for its gas customers. In the Docket No. 4252 filing, NGrid requests approval to add a new section to its Billing Termination language, Section 33, which will supersede the Company’s Terms and Conditions for Distribution Service, RIPUC No. 2040.

Both of these filings seek to formalize an already existing policy relating to soft-closures that had been informally established with the Division of Public Utilities and

¹ Since the two tariff advice filings addressed many of the same issues and involved the same witnesses, the Commission heard testimony on the two Dockets at the same hearing.

Carriers (“Division”) since 2010.² The need to formalize the policy arises as a result of the Division’s decision in Docket No. D-10-110 (January 5, 2011). In that Docket, In Re: Sharon Bell-Mayewski Complaint Regarding National Grid’s Gas Billing Practices and Procedures, the Division found “National Grid’s ‘soft-closure’ policy (not billing a landlord’s (*sic*) for gas consumed in rental property after the property is vacated by a tenant as long as consumption at the property does not exceed 13ccf per month) is without any legal standing.” The Mayewskis, landlords of rental property in Woonsocket that was subject to a soft closure order after the tenant vacated the premises in October 2009, received a bill from National Grid in March of 2010 for \$350.91 for consumption that exceeded the 13ccf per month policy maximum. NGrid did not notify the Mayewskis when the consumption level at the property exceeded 13ccf in December and January in violation of its own policy which provided for notification to the customer requiring the opening of a new account if consumption exceeds 13ccf. The Division noted that the policy was not set forth in *National Grid’s Terms and Conditions of Service* and that without Commission approval, the policy could not be allowed to continue.

The Division ordered the Company to obtain Commission approval to modify its existing “Terms and Conditions of Service” to provide for its Soft-Off policy within six (6) months of the Division’s order in Docket No. D-10-110 and set forth a number of requirements that the Company must include in the policy. Specifically, the Division required that the modification must specify: a) prior notice of the policy and acceptance of the account by a landlord before opening an account in the landlord’s name, b) a

² A soft closure or soft-off is defined by the Company in its proposed modifications as “[t]he termination of an account by the Company for billing purposes where there is no new customer of record and the actual flow of [gas or electric] to the premise is not disconnected.”

certain time limit and consumption limit for service under the policy and c) that bills are to be sent to the landlord's billing address or another address specified by the landlord.

The Company's policy applies to terminated accounts for the purpose of billing where there is no new customer of record and the flow of either electricity or gas to the premises has not been disconnected. In order to be eligible for a gas Soft-Off termination, the customer must be either a residential customer or qualifying small commercial customer, must have an electronic receiver/transmitter, must not be subject to shut-off for non-payment, must not have more than \$300.00³ in arrears unless the customer is requesting new service at another premise and there must not be other open orders to shut off the meter. The Company asserts that in certain instances, it is cost beneficial to continue gas service after termination has been requested, because continuation of the service eliminates the need for the Company to visit the premise to turn off the gas and again visit the premises to turn the service back on. Estimated savings alleged by the Company are approximately \$62.00⁴ as opposed to the estimated \$12.15⁵ for 13ccf⁶ of gas cost that would result in a soft closure. Additional benefits identified by the Company include the elimination of a wait time to have service commenced for new tenants and the avoidance of freezing pipes during the winter period.

³ In its response to Division Data Request 1-1, the Company represented that this amount was determined by the Company to balance the risk for the arrearage to continue unpaid, the avoided cost of field visits and the convenience to a new customer at the premise. This amount equates to 322ccf at tariff rates and gas costs that were in effect June 24, 2011.

⁴ This figure assumes that the technician can gain access to the premises. Additional trips cost \$17.00 per meter on and meter off.

⁵ This figure is based on gas costs at the time of the filing.

⁶ The 13ccf per month is the maximum amount determined by the Company to be provided to the premises over the course of 90 days. Either after the expiration of the 90 days or the exceeding of the 13ccf, the Company will notify the property owner that the service will be physically terminated unless an account is opened.

In order for a customer to be eligible for an electric Soft-Off termination, there must be an estimated or actual final meter reading recorded, the customer must have an electronic receiver/transmitter and the account must not be subject to a shut-off order. When an electric soft-closure occurs, the Company will continue service to the premises until consumption exceeds 100 kilowatt hours. If consumption exceeds 100 kilowatt hours, the Company will notify the landlord/property owner that service will be terminated unless an account is opened. In the event that no response is received, additional attempts will be made to contact the landlord/property owner. Should consumption exceed 250 kilowatt hours, service to the location will be terminated. In the event that consumption does not exceed 100 kilowatt hours and a period of ninety (90) days has passed, the Company will notify the landlord/property owner that service may be physically terminated if an account is not established. The Company asserts that in certain instances, like those where there is a gas soft-off, it is cost beneficial to continue electric service after termination has been requested, because continuation of the service eliminates the need for the Company to visit the premise to turn off the electric service and again visit the premises to turn the service back on. Estimated savings alleged by the Company are a minimum of \$30.00 (\$15.00 per meter on and meter off) but in some instances more⁷ as opposed to the estimated \$31.17⁸ for 250 kilowatt-hours of electricity that could result with a soft closure. Additional benefits identified by the Company include the elimination of a wait time to have service commenced for new tenants and landlords being able to maintain electric service to their rental properties.

⁷ This figure assumes that the technician can gain access to the premises. Additional trips cost \$8.00 per meter on and meter off.

⁸ This figure is based on electric costs at the time of the filing.

On June 10, 2011, the Division filed a letter with the Commission requesting that the Commission suspend the tariff advice filing for a reasonable time to enable the Division to conduct an investigation and to formulate a position on the Company's filing. The Division represented that the proposed tariff represents material changes to the Company's existing schedules as opposed to merely minor changes contemplated by Rule 1.9(c)(1).⁹ The Commission suspended the tariff advice filing at an open meeting on June 16, 2011 to allow the Division the opportunity to conduct an investigation. Subsequently, the Division filed a number of data requests seeking clarification of the Company's proposed language.

On October 27, 2011, the Division filed its recommendation to NGrid's filings. Noting that it was satisfied with NGrid's responses to its data requests, the Division asserted that the "amendments reasonably balanced fairness to landlords whose properties are subject to 'Soft-Off' terminations and ratepayers as a whole who must bear the incremental costs of 'hard' terminations."

However, before the Commission met to consider the Company's request and the Division's October 27, 2011 recommendation, the Division filed a letter with the Commission dated November 22, 2011, further recommending two modifications to the Company's proposal. The first modification recommended omission of allowing an oral acceptance by a landlord/property owner as the customer of record. The Division cautioned that oral communication could result in unclear or inadequately preserved evidence of the landlord/property owner's intent to assume responsibility for the account. The Division's second recommendation proposed the insertion of additional language

⁹ Rule 1.9(c) of the Commission's Rules of Practice and Procedure allows for public utilities to file minor changes to existing schedules by tariff advice.

specifying that any unrecoverable charges for usage exceeding 250 kilowatt hours for electric customers and any unrecoverable charges for usage exceeding 33ccfs for gas customers be borne by the Company's shareholders. Additionally, the Division recommended that the Company be required to provide it with an annual report identifying the accounts and amounts in excess of 33ccfs for gas accounts in soft-off status or 250 kilowatt hours for electric accounts in soft-off status that occurred during the preceding year. The Division reasoned that this additional language would protect ratepayers from having to assume the costs of unbilled gas or electricity that could result from the Company's delay of service terminations after the 33ccf or 250 kilowatt hour maximum is reached.

After receiving this request, the Commission issued a number of data requests in an effort to supplement the record with more specific data regarding the program. Prior to NGrid's response to all of the Commission's data requests, the Company and the Division filed a Settlement Agreement. Among other things, the Settlement Agreement set forth terms to address the Division's concerns regarding who should bear responsibility for the cost of the unbilled gas or electricity that exceeded the 33ccf or 250 kilowatt hour triggering limits proposed by the Company. Specifically, NGrid and the Division agreed to participate in a one year pilot program in order to allow time for data collection. During the one year pilot program, the Company agreed that it would be responsible for any unbilled gas consumption that exceeded a \$200,000 threshold and any unbilled electric consumption that exceeded a \$100,000 threshold that accumulated during the course of the year pilot program for accounts that have been in soft-off status for more than four months.

The Commission conducted a hearing on May 4, 2012. The following appearances were entered.

FOR NGRID: Jennifer Brooks Hutchinson, Esq.
Thomas Teehan, Esq.

FOR THE DIVISION: Leo Wold, Esq.
Assistant Attorney General

FOR THE COMMISSION: Patricia S. Lucarelli
Chief of Legal Services

The Company presented a panel comprised of Amy Smith, Jeffrey Martin, Sean Nestor and Jeanne Lloyd to respond to inquiries regarding the Settlement Agreement and the pilot program. Mr. Martin explained that the reason that there are accounts in soft-off status for greater than ninety (90) days is because some of those accounts never reach the threshold level that triggers notification that the account will be terminated, especially on the electric side that currently does not have a ninety (90) day threshold. He also asserted that in some instances there are problems accessing the property. Mr. Martin identified a dollar value of approximately \$397,000 for 908 meters on the gas side in soft-off status for greater than ninety (90) days with consumption exceeding the 35 ccf¹⁰ consumption threshold and approximately \$120,000 for 571 meters on the electric side in soft-off status for greater than ninety days with consumption exceeding the 250 kWh consumption threshold.¹¹

Mr. Martin described how the Company and the Division settled on the \$200,000 for gas and the \$100,000 for electric amounts that would be assumed by ratepayers for consumption that exceeded the 35 ccf or 250 kWh limits. He explained that in

¹⁰ The Division originally recommended a 33 ccf threshold as a triggering limit after which the Company's shareholders would be responsible for the cost of unbilled gas. The Settlement Agreement changes that 33ccf threshold to a 35 ccf threshold.

¹¹ Transcript of Hearing ("T."), May 4, 2012 at pp. 7-16.

determining the reasonableness of these amounts, the Company looked at how many accounts were in soft-off status for greater than six months and then evaluated the value of gas or electric over six months old. He identified a gas value of approximately \$310,000 and an electric value of approximately \$115,000 for that six month period. He then asserted that in settling the matter, the Company agreed to a four month period and the \$200,000 threshold for gas accounts and \$100,000 threshold for electric accounts which he identified as stretch goals. He noted that during the one year pilot program, the Company intends to gather more information to demonstrate the value of the program.¹²

While describing NGrid's efforts, Mr. Martin testified that the Company has ramped up its efforts on the shutoffs by increasing field visits where thresholds were crossed and by increasing office calls. He was confident that the goals established by the Company can be achieved by maintaining the aggressive path that the Company has embarked upon to accomplish the same. He pointed out that the Company will first target those accounts using the most energy as well as those that have been in soft-off status for the longest period of time.¹³

Ms. Smith testified that NGrid has soft-off programs across its service territory noting that this information was provided in response to a data request.¹⁴ Mr. Martin described the soft-off program as "a great program for customer satisfaction" in that it eliminates interruptions in service. He noted that he has spoken with representatives of other utilities that have informed him of the successfulness of their programs. He

¹² *Id.* at 17-18.

¹³ *Id.* at 18-21.

¹⁴ *Id.* at 21-22. See NGrid Response to Division 1-25 setting forth that NGrid "has implemented a [sic] soft-off programs for all of its Companies with the exception of KeySpan Long Island."

discussed the financial benefits of the program and represented that the unbilled consumption does not become revenue and is not considered an uncollectible.¹⁵

James Lanni, the Division's representative, testified that the soft-off program has been in effect for approximately thirty to forty years because NGrid has not had enough employees to shut everyone off. He represented that the purpose of the Settlement Agreement establishing the pilot program is to allow for the program to be thoroughly evaluated and looked at more closely. He testified that while the Division believes that the soft-off program is an important one, it should not go unchecked. He also asserted that the Company's agreement to assume some of the liability for unbilled gas or electric is a positive step. Mr. Lanni further testified that it is the Division's intention to receive periodic reports over the course of the year so that their evaluation can be a continuous one and that those reports will be shared with the Commission.¹⁶

The Commission commends the parties, NGrid and the Division, for resolving this matter with the implementation of the one year pilot program during which time they can collect information and data to ensure that the program is beneficial to all ratepayers. The Commission believes that the soft-off program provides valuable benefits not only to the Company but to all ratepayers as well. The cost of numerous visits to the thousands of customers who are afforded the benefits of this program would result in excessive costs to the Company for additional personnel in order to maintain the volume of turn-off and turn-on orders that the Company receives. The Commission believes that the established threshold amounts will provide a sufficient incentive to the Company such that unbilled gas and electric consumption costs will not accumulate to an amount that

¹⁵ T. at 23-28.

¹⁶ *Id.* at 29-32.

will outweigh the benefits of the program. Additionally, the Commission finds that the threshold amounts established by the parties reflect a fair and reasonable balance of the unbilled gas and electric consumption costs that the ratepayers and the Company should share. Recognizing that NGrid currently has gas and/or electric soft-off programs in all of its other jurisdictions with the exception of KeySpan Long Island, the Commission is satisfied that the benefits of the program outweigh the minimal cost ratepayers will incur in unbilled gas or electric consumption.

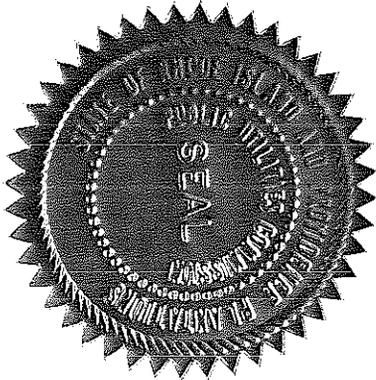
Accordingly, it is hereby

(20570) ORDERED:

1. The Narragansett Electric Company d/b/a National Grid Tariff Requests to amend its existing gas tariff, entitled General Terms and Conditions, R.I.P.U.C. NG-GAS, No. 101, Section 1, Schedule A, Sheets 4 and 5, Third Revision and the Definitions contained in Section 1, Schedule B, Sheet 1 Fifth Revision and its existing electric tariff, entitled Terms and Conditions for Distribution Service, R.I.P.U.C. No. 2072 to engage in a one year Pilot Program in order to collect data and conduct further evaluation regarding its Soft-Closure policy is approved.
2. National Grid shall comply with all other findings and directives contained in this Report and Order.

EFFECTIVE AT WARWICK, RHODE ISLAND, MAY 4, 2012, PURSUANT
TO A BENCH DECISION ON MAY 4, 2012. WRITTEN ORDER ISSUED JUNE 8,
2012.

PUBLIC UTILITIES COMMISSION



Elia Germani

Elia Germani, Chairman

Mary E. Bray

Mary E. Bray, Commissioner

Paul J. Roberti

Paul J. Roberti, Commissioner