

October 10, 2013

VIA HAND DELIVERY & ELECTRONIC MAIL

Luly E. Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

**RE: Docket 4307 - Electric Infrastructure, Safety, and Reliability Plan FY 2013
Annual Report and Reconciliation Filing
Responses to Division's First Set of Data Requests**

Dear Ms. Massaro:

Enclosed are ten (10) copies of National Grid's¹ responses to the Rhode Island Division ("Division") of Public Utilities and Carriers' First Set of Data Requests concerning the above-captioned proceeding.

The Company's response to Division Data Request 1-10 will be forthcoming.

Thank you for your attention to this transmittal. If you have any questions, please feel free to contact me at (401) 784-7667.

Very truly yours,



Thomas R. Teehan

Enclosure

cc: Docket 4307 Service List
Steve Scialabba
Leo Wold, Esq.

¹ The Narragansett Electric Company d/b/a National Grid

Certificate of Service

I hereby certify that a copy of the cover letter and/or any materials accompanying this certificate were electronically transmitted to the individuals listed below. Copies of this filing were hand delivered to the RI Public Utilities Commission and to the RI Division of Public Utilities & Carriers.



Joanne M. Scanlon

October 10, 2013

Date

Docket No. 4307 National Grid's FY 2013 Electric Infrastructure, Safety and Reliability Plan - Service List as of 2/8/12

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The Narragansett Electric Company
d/b/a National Grid
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R-I-1

Request:

Provide a detailed breakdown for every major category of cost incurred by National Grid that reconciles the major storm cost outlined in the reconciliation in the total amount of \$9,720,450. This should include, but not be limited to, all capital cost and all expenses in such detail that the Division can determine the appropriateness of each of the charges. These costs should be broken down between the two storms, both the July 18, 2012 Thunderstorm and October 20-31, 2012 Hurricane Sandy.

Response:

The Company initiates capital work orders under the Major Storm Project in anticipation of events that have the potential to be major storms. These events ultimately may or may not be Major Event Days¹ for regulatory reliability reporting purposes. In addition, these storms may or may not rise to the level where the Company would seek to recover incremental O&M costs through the Storm Contingency Fund (Docket No. 2509). Those storms with incremental O&M costs that exceed a certain annual threshold² are deferred on the Company's balance sheet and are eligible for recovery through the Storm Contingency Fund after a deductible of \$375,000 per storm event. Storm costs below the annual threshold are considered normal O&M expense. However, pursuant to the Amended Settlement in the Company's recently completed base rate case in Docket No. 4323, the Company will be required to defer for the benefit of customers the amount of O&M-related storm costs incurred within a year that are less than \$1,722,000, or defer for future recovery those O&M-related storm costs that exceed \$5,722,000 in a year.

The total costs of \$9,720,450 included in the Major Storm Project category for FY 2013 reflect only capital costs that are associated with those work orders taken out for weather events during FY 2013. A detailed breakdown by the weather event date and category of cost incurred in the Major Storm Project is provided in Attachment R-I-1. It should be noted that the capital costs included in the attachment, which are attributable to major storms that qualify for inclusion in the Company's Storm Contingency Fund, are subject to true-up based on a review of total (both

¹ A Major Event Day (MED) is defined as a day in which the daily System Average Interruption Duration Index (SAIDI) exceeds a MED threshold value (4.97 minutes for 2012). For purposes of calculating daily system SAIDI any interruption that spans multiple calendar days is accrued to the day on which the interruption began. Statistically, days having a daily system SAIDI greater than the MED are days on which the energy delivery system experiences stress beyond that normally expected, such as during severe weather. July 18, 2012, Hurricane Sandy (October 29-31, 2012), January 31, 2013, and February 8-9, 2013 are Major Event Days in FY 2013.

² Per Docket No. 2509, the Storm Contingency Fund threshold automatically escalates annually by the U.S. Average-Urban Consumer Price Index. For calendar years 2012 and 2103, the threshold was set at \$781,000 and \$796,000, respectively.

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capital and O&M) storm costs and the documentation provided by field personnel for actual capital assets replaced during the event.. These capital true-ups, which will result in either an increase or decrease to incremental storm-related O&M costs, are performed as part of the recording of the final charges and accounting adjustments for a particular storm event qualifying for recovery through the Company's Storm Contingency Fund, and the corresponding adjustment to capital is reflected in the ISR Reconciliation in the year the true-up is made.

Event	Labor	Labor Benefits	Cont/Consult	Materials	Other	Empl Exp	Super & Adm	Transportation	AFUDC	Cap OH	Grand Total
2013 02 06	\$ 406,533	\$ 298,595	\$ 308,003	\$ 91,857	\$ 3,272,123	\$ 4,175	\$ 53,544	\$ 48,826	\$ 28	\$ 105,733	\$ 4,589,418
Hurricane Sandy	\$ 606,023	\$ 750,032	\$ 941,514	\$ 472,689	\$ 220,478	\$ 3,792	\$ 5,042	\$ 54,734	\$ 8,924	\$ 239,528	\$ 3,302,756
2013 01 30	\$ 101,547	\$ 177,455	\$ 1,814	\$ 311	\$ 337		\$ 21,295	\$ 21,648	\$ 87	\$ 15,814	\$ 340,308
2012 11 07	\$ 76,485	\$ 100,219	\$ 29,567	\$ 11,573	\$ -	\$ 323	\$ 1,188	\$ 8,322	\$ 500	\$ 16,523	\$ 244,699
2012 07 18	\$ 37,214	\$ 20,925	\$ 70,985	\$ 12,990	\$ 26,489	\$ 27		\$ 6,756		\$ 608	\$ 175,994
2013 03 06	\$ 23,026	\$ (14,985)			\$ 151,300	\$ 109	\$ 5,063	\$ 6,010	\$ 35	\$ 3,523	\$ 174,082
2013 02 23	\$ 6,595	\$ 5,890			\$ 124,284		\$ 1,649	\$ 784	\$ 36	\$ 1,009	\$ 140,248
2012 09 18	\$ 17,515	\$ 10,987	\$ 54,145	\$ 5,346	\$ 7,132			\$ 3,850		\$ 4,544	\$ 103,519
2012 06 20	\$ 38,553	\$ 22,490	\$ 1,468	\$ 6,084	\$ 17,302			\$ 6,264	\$ 95		\$ 92,257
2012 07 26	\$ 18,953	\$ 9,517	\$ 43,148	\$ 5,711	\$ 10,472	\$ 37		\$ 2,594		\$ 962	\$ 91,393
2012 12 21	\$ 31,272	\$ 41,672	\$ 1,043	\$ 2,730		\$ 11	\$ 702	\$ 6,178	\$ 4	\$ 4,944	\$ 88,557
2012 09 06	\$ 34,149	\$ 15,834	\$ 7,375	\$ 5,560	\$ 14,968	\$ 451		\$ 6,314		\$ 425	\$ 85,078
2012 06 29	\$ 18,928	\$ 11,626	\$ 1,981	\$ 22,519	\$ 13,997			\$ 3,291			\$ 72,343
2012 12 26	\$ 20,978	\$ 27,754	\$ 320	\$ 776		\$ 96	\$ 696	\$ 4,780	\$ 2	\$ 3,259	\$ 58,662
2013 02 16	\$ 20,807	\$ 10,238	\$ 2,343	\$ 6,601			\$ 6,173	\$ 3,599	\$ 22	\$ 3,542	\$ 53,325
2012 06 25	\$ 10,278	\$ 6,276	\$ 119	\$ 1,077	\$ 4,146			\$ 1,707			\$ 23,603
Other	\$ 9,211	\$ 5,904	\$ 912	\$ 1,280	\$ 1,980		\$ -	\$ 1,272	\$ 83	\$ 344	\$ 20,987
2012 08 09	\$ 7,054	\$ 3,836	\$ 1,611	\$ 401	\$ 2,969	\$ 66		\$ 1,050		\$ 246	\$ 17,235
2013 01 20	\$ 2,274	\$ 3,048	\$ 2,739	\$ 47			\$ 577	\$ 796	\$ 1	\$ 767	\$ 10,250
2012 08 15	\$ 4,496	\$ 2,732		\$ 765	\$ 1,326			\$ 783			\$ 10,103
2012 03 26	\$ 3,126	\$ 1,697		\$ 704	\$ 1,440			\$ 510			\$ 7,476
2012 04 22	\$ 1,687	\$ 1,044	\$ 316	\$ 873	\$ 848			\$ 289			\$ 5,057
2013 02 27	\$ 11,710	\$ (15,135)					\$ 3,474	\$ 2,201	\$ 1	\$ 1,792	\$ 4,042
2012 08 05	\$ 2,530	\$ 715		\$ 34	\$ 417			\$ 330			\$ 4,027
2012 09 07	\$ 1,302	\$ 645	\$ 1,273	\$ 176	\$ 388			\$ 93		\$ 104	\$ 3,981
2012 05 25	\$ 1,724	\$ 894		\$ 123	\$ 685			\$ 301			\$ 3,727
2012 03 08			\$ 541	\$ 1,320	\$ 416						\$ 2,278
2012 07 04	\$ 374	\$ 272	\$ 556	\$ 499	\$ 575						\$ 2,277
2012 06 08	\$ 508	\$ 266		\$ -	\$ 239			\$ 94			\$ 1,107
2010 03 31			\$ 870								\$ 870
2013 02 25	\$ 93	\$ 48		\$ 286	\$ 129			\$ 15			\$ 571
2013 03 19	\$ 855	\$ (927)					\$ 254	\$ 125	\$ 0	\$ 131	\$ 437
2012 01 13					\$ 5						\$ 5
2011 10 17			\$ (3,284)								\$ (3,284)
Hurricane Irene	\$ -	\$ -	\$ (84,788)	\$ -	\$ 77,714	\$ -	\$ -	\$ -	\$ -	\$ 139	\$ (6,935)
	\$ 1,515,801	\$ 1,499,565	\$ 1,384,572	\$ 652,334	\$ 3,952,161	\$ 9,087	\$ 99,658	\$ 193,516	\$ 9,818	\$ 403,937	\$ 9,720,450

R-I-2

Request:

Provide the dates associated with all of the cost incurred as noted in R-I-1. These should include and be identified as the pre-storm cost period, the storm cost period, and the post storm cost period.

Response:

During storm restoration, the Company's primary goal is to restore service to all customers as safely and as quickly as possible. There may be occasional circumstances that require temporary repairs that are later permanently repaired; however, the vast majority of capital costs are incurred during the timeframe in which the Company is actively restoring service to customers. Capital costs are not incurred prior to actual restoration work being performed. While the Company does not categorize costs based on the date incurred or by the 'period' classifications identified in this information request ("pre-storm cost period", "storm cost period", and "post-storm cost period"), regardless of when such work is performed, if it is capital work, it will be eligible for inclusion in the ISR.

As discussed in the response to R-I-1, the Company initiates capital work orders under the Major Storm Project in anticipation of events that have the potential to be major storms. As seen in Attachment R-I-1, these work orders result in significantly different levels of spending depending on the nature of the weather event. For larger events, such as Hurricane Sandy and the February 8-9, 2013 Nor'easter, the Company does perform post-storm restoration surveys or "sweeps" by feeder to ensure the Company addresses all storm-related damage. These sweeps typically occur immediately following restoration activities before any contractor crews are released, but can occur later, up to several weeks following the restoration, depending on damage reports and resource availability to perform the surveys. This work can be performed under the major storm work order. In some cases, if equipment later failed because of damage it had sustained during the storm, it is replaced under a work order in the Damage/Failure Blanket Project. There can also be selected areas that are identified for upgrades after the storm, and such projects are written and approved separately in the appropriate reliability or asset condition category. Typically for the smaller events, no post storm restoration survey would be done. In all cases, regardless of when such work is performed, if it is capital work, that work would be eligible for inclusion in the ISR.

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R-I-3

Request:

Identify the justification for each cost category to the extent that there was any post storm cost included in the \$9,720,450.

Response:

Please see the Company's response to R-I-2.

R-I-4

Request:

Provide a detailed accounting for all of the cost for pole replacements paid to Verizon.

Response:

Billing and payments follow a process of notice billing and reconciliation of costs. The current status of the costs for pole replacements for the years 2010 to 2012 between National Grid and Verizon are set for below.

- **2010** - National Grid completed the exchange of notice billing and billed Verizon \$364,700 for pole replacements. Verizon also completed its notice billing and has billed National Grid \$264,500. After review by both parties, the reconciliation for 2010 was completed and it was determined that \$105,083 was owed to National Grid. Verizon was billed this amount and has paid this invoice. This payment will appear as a credit in the FY 2014 capital reconciliation in the Statutory/Regulatory spending rationale in the Joint Ownership Pole Blanket work order. All pole reconciliation debits or credits are captured in this work order regardless of the initial category of the work. There was no payment due to Verizon for 2010 pole replacements.
- **2011** - National Grid completed the exchange of notice billing and billed Verizon \$415,000 for pole replacements. Verizon also completed its notice of billing and billed National Grid \$315,700. This resulted in a net amount of \$99,300 owed to National Grid. At this time, the reconciliation for 2011 is in progress, and Verizon will be net-billed accordingly. There was no payment due to Verizon for 2011 pole replacements.
- **2012** - National Grid completed the exchange of notice billing and billed Verizon \$239,500. Verizon also completed its notice billing and billed National Grid \$431,700. This resulted in a net of \$192,200 owed to Verizon. At this time, the reconciliation is currently in progress.

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R-I-5

Request:

Provide a detailed accounting for all of the reimbursements received from Verizon for pole replacements, including the number of joint-ownership poles replaced by the Company and the exact reimbursement received from Verizon.

Response:

Please see the Company's response to Division R-I-4. In addition, the number of joint-owned poles set by National Grid for the years 2010 to 2012 are:

- 2010 - National Grid set 1,048 Joint Owned poles
- 2011 - National Grid set 1,192 Joint Owned Poles.
- 2012 - National Grid set 1,195 Joint Owned poles

R-I-6

Request:

Detail all vegetation management cost by storm, including a detailed breakdown of the vegetation management cost reimbursement received from Verizon for each storm.

Response:

Vegetation management costs that are incurred during major storm restoration efforts are recovered through the Company's Storm Contingency Fund (Docket No. 2509), and are not included in the vegetation management costs that are subject to reconciliation in this proceeding. The Company will submit to the Commission the details regarding its major storm-related vegetation management costs as part of the Company's final cost report for qualifying storms that occurred during 2012 through 2013. The Company will submit this information within 30 days following completion of its final accounting of all costs in accordance with the storm reporting provisions of the Joint Proposal and Settlement in Lieu of Comments approved by the Commission in Docket No. 2509.

Regarding the cost of tree trimming and clearing work resulting from heavy storms, contractual language requires that National Grid and Verizon field representatives agree to determine, as soon as practicable after each storm, for which lines and to what extent each company will participate in the cost of tree-trimming and clearing work related to the storm. Verizon routinely declines to participate in such costs. Verizon (and other incumbent telephone companies) have longstanding positions pursuant to which they regularly decline to contribute to electric company tree trimming, including storm restoration.

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R-I-7

Request:

Were any major storm costs included in the actual FY 2013 vegetation management cost documented as \$8,604,694?

Response:

No. Major storm costs were not included in the FY 2013 vegetation management costs, which the Company submitted in the FY 2013 Electric ISR Reconciliation.

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R-I-8

Request:

For FY 2013, provide a detailed accounting for all vegetation management cost reimbursement requested by the Company to Verizon under the provisions of the joint-ownership agreement, and specifically the provisions allowing for up to 25% reimbursement of vegetation management cost.

Response:

For FY 2013, there was no invoicing to or payments received from Verizon relating to tree trimming since Verizon has not agreed to participate in any electric company tree trimming work. Verizon has maintained that it is not required to contribute to electric company tree trimming (vegetation management) costs as any necessary tree trimming for Verizon service work is performed by Verizon crews.

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R-I-9

Request:

Provide all documentation detailing the Company's request to Verizon for the 50% reimbursement of vegetation management cost associated with the July 18, 2012 thunderstorm and for the October 2012 Hurricane Sandy expenses.

Response:

There was no invoicing to or payments received from Verizon relating to costs associated with the July 18, 2012 thunderstorm and the October 2012 Hurricane Sandy. Please also see the Company's response to Division R-1-8.

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R-I-11

Request:

Are any of the major storm vegetation management costs included in the vegetation management dollars for FY 2013, or are all of the major storm vegetation management costs incorporated in the major storm cost?

Response:

Major storm vegetation management costs were not a part of the FY 2013 vegetation management cost included in the FY 2013 ISR Reconciliation. Rather, they are accounted for separately as a major storm cost, and are recoverable in the Company's Storm Contingency Fund (Docket No. 2509).