

## Memorandum

**TO: RHODE ISLAND PUBLIC UTILITIES COMMISSION**

**FROM: DAVID EFFRON, BERKSHIRE CONSULTING SERVICES,  
ON BEHALF OF THE DIVISION OF PUBLIC UTILITIES AND CARRIERS.**

**DATE: SEPTEMBER 19, 2014**

### **Electric Infrastructure, Safety, and Reliability Plan FY 2014 Reconciliation Docket 4382 Gas Infrastructure, Safety, and Reliability Plan FY 2014 Reconciliation Docket 4380**

The Narragansett Electric Company d/b/a National Grid (“National Grid” or “the Company”) filed its Fiscal Year 2014 Infrastructure, Safety, and Reliability (ISR) Plan reconciliations for the fiscal year 2014 ISR Plans on August 1, 2014. Calculations supporting the revenue requirements associated with the vegetation management, inspection & maintenance, and qualifying capital investment components are included in the electric ISR Reconciliation. Calculations supporting the revenue requirement associated with the qualifying capital investment are included in the gas ISR Reconciliation. At the request of the Division I have reviewed the filings for the purpose of verifying the accuracy of the filed revenue requirements associated with the actual FY 2014 activity under the ISR programs. With the exception noted below, which was discussed with Company witness William Richer, I believe the filings accurately portray the actual ISR revenue requirements associated with the FY 2014 electric and gas ISR programs.

The following exception was noted regarding the calculations of the capital investment revenue requirement in the FY14 electric ISR reconciliation filing..

#### **Capital Investment Revenue Requirement – Electric Rate Base**

The FY 2014 Electric ISR Revenue Requirement Reconciliation is shown on Attachment WRR-1, Page 2. In examining this revenue requirement reconciliation, it was noted that the depreciation on Line 8 was not deducted from plant in the calculation of rate base on Line 11. This matter was discussed with the Company, and the Company agreed that the rate base on Line 11 should be reduced by \$7.2 million to reflect the depreciation on Line 8. The estimated revenue requirement effect of making the correction will be to reduce the electric ISR revenue requirement by approximately \$350,000. My understanding is that the Company will soon be submitting a revised revenue requirement calculation, with associated rate impacts, to reflect the necessary correction. This will be reviewed upon submission.

Regarding the gas ISR reconciliation, I did not note any exceptions to the revenue requirement. The gas FY14 ISR reconciliation factors which were filed in the 2014 Distribution Adjustment Clause (DAC) filing in Docket 4514 and are one of the DAC components, are appropriate.

