

December 9, 2014

VIA HAND DELIVERY & ELECTRONIC MAIL

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

**RE: Docket 4393 - Standard Offer Service Rates
Period of January – June 2015 for Residential and Commercial
Period of January – March 2015 for Industrial
Responses to Commission's Data Requests – Set 5**

Dear Ms. Massaro:

Enclosed are National Grid's¹ responses to COMM 5-1 and COMM 5-2.

This transmittal completes the Company's responses to the Commission's Fifth Set of Data Requests in the above-referenced docket.

Thank you for your attention to this transmittal. If you have any questions, please contact me at 401-784-7288.

Very truly yours,



Jennifer Brooks Hutchinson

Enclosures

cc: Docket 4393 Service List
Steve Scialabba

¹ The Narragansett Electric Company d/b/a National Grid (National Grid or the Company).

Certificate of Service

I hereby certify that a copy of the cover letter and/or any materials accompanying this certificate was electronically transmitted to the individuals listed below.

Copies of this filing were hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities Carriers.



Joanne M. Scanlon

December 9, 2014

Date

Docket No. 4393 - National Grid – 2014 SOS and RES Procurement Plans Service List updated 12/3/14

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COMM 5-1

Request:

Below is an excerpt from Section V(1)(A) of the Commission Rules Governing Termination of Residential Utility Service. Also below is an excerpt from the Company's response to COMM 3-4. Please explain how the underlined portion taken from the data response is in compliance with the underlined portion taken from the Commission's rules.

COMMISSION RULES:

Each gas and electric public utility shall make available to its residential customers for utility service provided at the customer's primary residence a payment plan which averages estimated utility costs over a ten-month or twelve-month period to eliminate, insofar as it is practicable, seasonal fluctuations in utility bills. In the event a rate change approved by the Public Utilities Commission becomes effective while a residential customer is enrolled in and in compliance with a payment plan, the effect of the rate change shall be included ratably over the remainder of the payment plan period. Included with the first adjusted bill, the utility shall provide notice to the customer explaining the reason for the change and showing a calculation of how the utility arrived at the new monthly payment. Section V(1)(A), Commission Rules Governing Termination of Residential Utility Service. (Emphasis added.)

RESPONSE TO COMMISSION 3-4:

Therefore, the process followed to calculate the budget amount uses the Standard Offer Service (SOS) rate in effect during the prior year. However, in instances where the SOS rate is increasing materially from its historic level, the customer service representative informs the customer of the change in the rate and gives the customer the option of adding an additional amount to their budget amount to compensate for the increase. The decision to do so is at the discretion of the customer. The customer may elect to do so, may decide to manage their electric usage thereby lowering their charges, or may wait for the review of their budget amount in six months, as described below. (Emphasis added.)

Response:

The Company respectfully notes that the scenario described in COMM 3-4 would apply to those customers who do not have an arrears balance, and are, therefore, not at risk of service termination. For clarity, the Company would like to distinguish between a payment plan established under the Public Utilities Commission's (PUC) Rules and Regulations Governing the Termination of Residential Electric, Gas and Water Service (Termination Rules), which apply to

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the termination of residential utility service, and a payment schedule under its Budget Billing program. Budget Billing reflects the intent of the PUC's Termination Rules while providing customers the flexibility in establishing payments under the program. However, unlike a payment plan under the PUC's Termination Rules, the decision to adjust the payment schedule under Budget Billing is at the discretion of the customer, as the customer is not in arrears and it would be their choice to increase the payment under Budget Billing or wait until their payment schedule would be adjusted halfway through the Budget Billing year.

As described in the Company's response to COMM 3-4, a new budgeted payment is based on a customer's total annual charges for a specific service location over the most recent 12month period. The monthly budget amount is calculated by averaging the customer's most-recent 12 months of utility bills and therefore uses the SOS rate(s) in effect during that period. In the event that the Public Utilities Commission (PUC) approves a change to SOS rates that becomes effective while a customer is participating in Budget Billing, the effect of that rate change will be reflected in the new budget amount that is calculated either (1) through the Company's automatic review of the customer's budget that occurs six months from the start of the budget year or (2) at the customer's request.

To illustrate the first scenario, assume a customer (whose account is not in arrears) contacts the Company in January 2015 and requests to be set up on Budget Billing. The first automatic six-month review of the customer's budget amount will take place during the month of June 2015. The new adjusted budget amount will be noticed on the customer's June 2015 bill and will take effect with the July 2015 bill. The budgeted amount will be reviewed again in December 2015 and the new adjusted budget amount will be noticed on the December 2015 bill and will take effect with the January 2016 bill. Each review considers (1) the amount of charges that are anticipated during the remaining months of the budget (using historic data) and (2) the amount of the budget's deferred balance at the time of the review (owed to the Company or owed to the customer). In this example, during the June 2015 review, the plan will anticipate the amount of the July 2015 through December 2015 bills based on the actual bills for July 2014 through December 2014. In addition, if there was a rate change between January 2015 and June 2015, the effect of that rate change will be reflected in the deferred balance. The June 2015 review will spread that deferred balance ratably across the remaining six months of the budget, similar to the treatment contemplated in Part V, Section 1(A) of the PUC's Termination Rules. By treating the

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deferred balance in this manner, the budget amount is automatically adjusting for rate changes that occur during the first six months of the Budget Billing period.¹

Under the second scenario, a customer may contact the Company's call center and request an immediate change to the budget amount outside of the automatic review process. Reasons for such requests include a large deferred balance on the account or a rate change. Rather than waiting for the automatic review of their budget to occur, at the customer's election, the Company can make an immediate compensating change to the customer's budget amount that will apply ratably across the remainder of the budget year.

¹ The budget amount may also change as a result of other factors as noted in the Company's response to COMM 3-4.

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COMM 5-2

Request:

Does the Company offer budget billing to commercial customers? If yes, what are the rules and process? If no, why not?

Response:

Yes, the Company offers Budget Billing to all customers, including those on non-residential rates. The Budget Billing process is the same for both residential and non-residential customers.