

DIVISION OF PUBLIC UTILITIES AN CARRIERS

MEMORANDUM

TO: LULY MASSARO
CLERK, PUC

DATE: 10/29/15

FROM: STEPHEN SCIALABBA
DPUC

SUBJECT: DOCKET 4518, NATIONAL GRID PENSION ADJUSTMENT FACTOR FILING FOR EFFECT NOVEMBER 1, 2015

Generally, the PAF reconciles actual pension and other post-employment benefit (OPEB) costs for the prior fiscal year (nn this case, the year ended 3/31/15) with the amount of pension and OPEB costs allowed in the most recent rate case proceeding, that being docket 4323. In the instant filing, the PAF is reconciling both 2014 and 2015, as the 2014 pension reconciliation amount filed last year was too small to create a billing factor, so the 2014 underrecovery has been rolled into the proposed 2015/2016 factor along with the FY 2015 reconciliation amount.

On September 1, 2015, National Grid submitted its Pension Adjustment Factor (PAF) filing to the Public Utilities Commission for effect October 1, 2015, in accordance with RIPUC Tariff No. 2119. On September 11, 2015, the Division submitted informal data requests to National Grid seeking additional information, documentation, and clarification relative to the PAF filing. On October 8, 2015, National Grid provided responses to the Division's requests, and in the response to 1-1 indicated that both the electric and gas PAF would have to be re-filed, as the amount of pension and OPEB costs allocated to the electric operations was overstated, and the amount allocated to the gas operations was understated. The response indicated the required revisions were as follows:

<u>Item</u>	<u>Sept. 1 Filing</u>	<u>Oct. 8 Data Resp.</u>	<u>Diff.</u>
Pension	\$9,804,010	\$8,967,724	\$836,286
OPEB	<u>\$3,523,726</u>	<u>\$3,069,087</u>	<u>\$454,639</u>
Total	\$13,327,736	\$12,036,811	\$1,290,925

On October 13, National Grid filed a revised PAF that included pension and OPEB costs for 2015 that were consistent with the response to the Division data request. The October 13 revised PAF filing also was adjusted to reflect the fact that the proposed factor would be going into effect on November 1, 2015, and would be in place for 11 months rather than the original 12 month proposal. As a result, the proposed PAF is \$0.00012 per kwh. The Division has no

further adjustment to the electric PAF and recommends its approval for effect November 1, 2015.