

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

IN THE MATTER OF

**National Grid's Proposed
Customer Choice Program
Modifications**

)
)
)

Docket No. 4523, Phase II

**SURREBUTTAL TESTIMONY OF WITNESSES
BRUCE R. OLIVER**

On Behalf of

The Division of Public Utilities and Carriers

October 26, 2015

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I. INTRODUCTION

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Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS FOR THE RECORD.

A. My name is Bruce R. Oliver. My business address is 7103 Laketree Drive, Fairfax Station, Virginia, 22039.

Q. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?

A. I am employed by Revilo Hill Associates, Inc. and serve as President of the firm. I manage the firm's business and consulting activities and direct its preparation and presentation of economic, utility planning, and policy analyses for clients.

Q. ARE YOU THE SAME BRUCE R. OLIVER WHO HAS PREVIOUSLY SUBMITTED A MEMORADUM TO THE COMMISSION ON BEHALF OF THE DIVISION OF PUBLIC UTILITIES IN THIS PROCEEDING ON OCTOBER 8, 2016?

A. Yes, I am.

Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY IN THIS PROCEEDING?

A. This Surrebuttal Testimony responds to the Rebuttal Testimony sponsored by Elizabeth D. Arangio and Terrence Kain in on October 16, 2015 on behalf of National Grid (hereinafter "National Grid" or "the Company")

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II. DISCUSSION OF ISSUES

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A. Docket 2902 Testimony

Q. DO YOU HAVE ANY COMMENTS REGARDING THE CITATION TO THE TRANSCRIPT OF YOUR ORAL TESTIMONY IN DOCKET 2902 IN OCTOBER 1999 THAT IS QUOTED IN THE COMPANY’S REBUTTAL TESTIMONY?

A. Yes, I do. I did not review my testimony in Docket 2902 as part of the preparation of the original memo I was asked to submit for this proceeding. However, after finding the citation to Docket 2902 in the Company’s Rebuttal, I went back and reviewed the transcripts for both the October 26, 1999 hearing and an earlier hearing held as part of that Docket on August 25, 1999. My review of those transcripts finds that the concerns and perspectives I offered in Docket 2902 (sixteen years ago) closely align with the concerns set forth in my October 8, 2015 memo in this proceeding.

Further, before substantial reliance is placed on the Company’s quotation of **a fragment of one sentence** from my oral testimony in that proceeding, I would encourage the Commission to review that quotation in the context of my entire testimony in that proceeding. Most of the issues in testimony focused on a proposal for the Company to offer Default Service for customers who had elected to waive assignments of capacity and forego their opportunities to return to Firm Sales Service. As I explained more fully on pages 7-8 of the October 26, 1999

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1 transcript, the proposal in that proceeding for the Company to offer Default Service
2 was developed to provide customers without assigned capacity (i.e., Capacity
3 Exempt customers) the opportunity to have a utility service alternative that **would**
4 **not utilize the same pool of gas supply resources** that the Company would use
5 to serve its Firm Sales Service customers. I also explained on page 8, starting at
6 line 10 of the October 26, 1999 transcript in Docket 2902, "***The construct that***
7 ***we've developed here with the alternative of the default service is intended***
8 ***to provide the opportunity for a service alternative for these customers who***
9 ***have elected not to take capacity assignment, while insulating the firm sales***
10 ***customers, the people who have remained on firm sales service, from the***
11 ***uncertainties and costs ...***" associated with uncertain requirements of capacity
12 exempt customers' requirements for utility service.

13 Similar uncertainties are associated with capacity exempt customers' use
14 of utility gas supply services today, and any effort to offer Capacity Exempt
15 customers an opportunity to revert to capacity-assigned service at this time must
16 be structured in a manner that ensures that the Company's cost of gas supply
17 service for existing firm capacity-assigned customers is not adversely impacted by
18 the return of Capacity Exempt customer to capacity-assigned status. In my
19 assessment the Company's proposals in this proceeding significantly erode the
20 protections for existing capacity-assigned customers that were developed in part
21 through Docket 2902 and maintained through the Company's tariffs and the
22 Commission's determinations over the last sixteen years.

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B. National Grid’s Obligations to Capacity Exempt Customers

Q. AT PAGE 4 OF THE COMPANY’S REBUTTAL, NATIONAL GRID SUGGESTS THAT I AM UNDER A MISCONCEPTION THAT THE COMPANY DOES NOT HAVE AN OBLIGATION TO PROVIDE FIRM SERVICE TO CAPACITY EXEMPT CUSTOMERS UNDER ITS DEFAULT TRANSPORTATION SERVICE RATES.” DO YOU AGREE?

A. No. As I have previously explained the Company’s Firm Service obligation for such customers only extends to Firm or reliable access to the Company’s distribution facilities. It does not include a requirement to provide Firm Gas Supply to customers who have explicitly rejected an assignment of the Company’s gas supply capacity. Again, the Company’s tariff only provides that such customers will be served on a “**best efforts**” basis.

Q. IN THE FOOTNOTE AT THE BOTTOM OF PAGE 4 OF THE COMPANY’S REBUTTAL, THE COMPANY DISCUSSES THE POTENTIAL IMPACTS OF A DECISION BY THE COMMISSION TO TERMINATE CAPACITY EXEMPT SERVICE.AS OF NOVEMBER 1, 2015. DO YOU HAVE ANY RESPONSE TO THE CONTENT OF THAT FOOTNOTE?

A. The intent of my proposal was to require immediate termination of Capacity Exempt service **only for high priority or essential use customers** for whom the

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1 Company is reluctant to curtail service if it finds it does not have sufficient reliable
2 capacity under extreme weather conditions. To the extent that was not clearly
3 indicated in my October 8, 2015 memo, I hereby modify my proposal. Moreover,
4 it should be clear that I do not recommend and would not anticipate implementation
5 of such a policy so close to the start of the coming winter season. Rather, I
6 anticipated that given the timing of hearings in this case, no decision on these
7 matters would be applicable for the winter of 2015/16. Rather, a decision in this
8 case would more appropriately be implement with an effective data on or before
9 November 1, 2016.

10
11 **Q. HAS THE COMPANY ACCURATELY PORTRAYED ITS OBLIGATIONS UNDER**
12 **ITS TARIFF TO PROVIDE FIRM SALES SERVICE TO CAPACITY EXEMPT**
13 **CUSTOMERS?**

14 A. No. As previously discussed, the Company has understandable concerns
15 regarding curtailment of service to high priority customers such as schools and
16 hospitals. However, its tariff only provides Capacity Exempt customers the option
17 of Default Service. It is also important to note that the Company's tariff at Section
18 6, Schedule C, Sheet 17, Item 2.04.0 clearly indicates that its Default Service is
19 intended to be only a "**temporary**" service that is provided on a "**best efforts**"
20 basis. As noted in my October 8, 2015 Memo, National Grid presently faces
21 significant limits on the amount of current Capacity Exempt customer load that it
22 can serve from its present portfolio of gas supply resources.

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C. Incremental Pricing of Capacity

Q. DO YOU AGREE WITH NATIONAL GRID THAT THE COMPANY’S DEFAULT SERVICE RATE IS INTENDED TO COVER THE ADDED COST OF “*BUNDLED SUPPLY*” (WHERE IT IS UNDERSTOOD THAT “*BUNDLE SUPPLY*” INCLUDES BOTH COMMODITY AND CAPACITY COSTS) THROUGH A 35% WINTER ADDER AND A 15% SUMMER ADDER. DO YOU AGREE?

A. Yes, I do.

Q. DOES THE COMPANY’S PROPOSED “INTERIM MARKET RATE” PROVIDE SIMILAR COST RECOVERY FOR CUSTOMERS SEEKING TO TRANSITION FROM CAPACITY EXEMPT TO CAPACITY-ASSIGNED STATUS?

A. No, it does not. The Company’s Direct Testimony at page 13, lines 4-6, indicates that the Company’s proposed “**Interim Market Rate**” would **exclude** the 35% winter adder that is applied to Default Service customers as well as the 15% summer adder for Default Service customers. The Company’s removal of those adders is inconsistent with the rationale for the application of those adders for Default Service customers. As stated in the Company’s Rebuttal testimony at page 6, line 14, through page 7, line 3:

“Because the Company does not plan for the requirements of Capacity Exempt customer, it has to go out to the market to purchase citygate bundled supply on behalf of these

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1 *customers returning to Firm Transportation Service. Such*
2 *bundled supply is generally more expensive; hence, the*
3 *reason why customers are charged the Default Transportation*
4 *Service rate, which is the citygate price plus a 35% adder*
5 *during the winter months and a 15% adder during the summer*
6 *months.”*
7

8 Based on the Company’s Rebuttal Testimony, **exclusion of** the 35% and
9 15% **adders from** its proposed “**Interim Market Rate**” is not justified. Since the
10 Company does not plan for the requirements of Capacity Exempt customers, the
11 same bundled service must be obtained to serve either (1) a Capacity Exempt
12 customer who takes Default Service or (2) a Capacity Exempt customer who would
13 be billed under the Company’s proposed Interim Market Rate.

14 Even **if** it could be argued that the **Interim Market Rate** was **fully**
15 **compensatory** for the period over which it would be applied (i.e., six to seventeen
16 months including one full winter season), that proposal would still result in shifting
17 of costs to existing capacity-assigned sales and transportation service customers
18 until such point that the Company can add additional capacity resources. In other
19 words, after the end of the period for which the Interim Market Rate would be appli-
20 cable, National Grid could still be in a position where National Grid would have to
21 continue to purchase bundled service to meet the requirements of transitioning
22 Capacity Exempt customers until additional long-term capacity could be acquired
23 and placed into service. The Company’s testimony in Docket 4576 indicates that
24 it will take at least **three years** for National Grid **to add capacity** through the TGP
25 NED project. Thus, between the end of the proposed period of applicability of the

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1 Interim Market Rate and the in-service date of incremental capacity, the Company
2 or its other firm capacity-assigned customers **will not fully compensated** for the
3 full costs of required **purchases bundled service** through the charges that would
4 be billed to Capacity Exempt customers who revert to capacity-assigned service.
5 Thus, the Company's proposals in this proceeding could negatively impact both
6 the costs and reliability of service to existing capacity-assigned customers.

7 Under my proposals in this proceeding, the Company would still only be
8 permitted to transition current Capacity Exempt customers to Capacity Assigned
9 Service to the extent it assesses it can do so without jeopardizing the reliability of
10 service to other firm capacity-assigned customers. In addition, the transitioning
11 customer would be required to pay the Company's full incremental cost of capacity
12 (e.g., the TGP NED project cost per Dth) until National Grid can contract for, and/or
13 place into service such additional capacity. Customers who elected to waive
14 capacity assignment and take Capacity Exempt service did so knowing that
15 markets are not static and that market conditions can change over time. Their
16 decisions to forego Capacity-Assigned Service provided them an economic
17 advantage not enjoyed by customers who continued to pay for, and support, the
18 costs maintaining National Grid's portfolio of capacity resources. To allow
19 customers who knowingly avoided costs and assumed risks to now return to Firm
20 Service with assigned capacity without any compensation to existing Capacity-
21 Assigned customers for the added costs that return of such customers can impose
22 **is not economically justifiable or equitable.** Nothing in the Company's

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1 presentations in this proceeding explains how existing firm capacity-assigned
2 customers are protected from added costs for capacity and/or purchases of
3 bundled supply that imposed on the system by returning Capacity Exempt
4 customers.

5
6 **Q. THE COMPANY’S REBUTTAL AT PAGE 8, LINES 13-15, INDICATES THAT**
7 **NATIONAL GRID DOES NOT BELIEVE THE DIVISION’S PROPOSAL FOR**
8 **(LONG-TERM) INCREMENTAL PRICING “IS IN THE BEST INTEREST OF ITS**
9 **CURRENT CAPACITY EXEMPT CUSTOMERS, WHO ARE STILL FIRM**
10 **TRANSPORTATION SERVICE CUSTOMERS UNDER THE COMPANY’S**
11 **TARIFF.” HOW DO YOU RESPOND?**

12 A. My response to that portion of the Company’s Rebuttal has multiple parts.

13 First, the Division’s proposal for incremental pricing does NOT constitute a
14 “long-term” requirement for incremental pricing. It is a requirement that only
15 endures for as long as it takes to Company to obtain additional long-term capacity
16 commitments and place them into service. It is expected that the period of
17 applicability for incremental capacity pricing would be at most three to four years.
18 That is a short-term requirement relative to the truly “long-term” commitment that
19 20-year commitments that the National Grid must make to obtain additional
20 pipeline capacity (e.g., 20-years for the TGP NED project).

21 Second, National Grid has a responsibility to consider the interests of all of
22 its customers, not just the interests of Capacity Exempt customers who have taken

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1 specific action to avoid responsibility for National Grid’s capacity costs. If favor
2 should be granted to any group, it should be for customers who have continued to
3 bear the costs of the Company’s long-term capacity commitments over time, not
4 those customers who have specifically acted to avoid those costs.

5 Third, as I have previously explained National Grid’s emphasis on the fact
6 that Capacity Exempt customers “...are still Firm Transportation Service
7 customers under the Company’s Tariff.,” once again blurs important distinctions
8 between Firm Sales Service and Firm Transportation Service.

9
10 **D. Marketers Resources to Serve Capacity Exempt Customers**

11
12 **Q. THE COMPANY CLAIMS THAT IT IS “WELL KNOWN” THAT MARKETERS DO**
13 **NOT GENERALLY SECURE FIRM CAPACITY TO SERVE CAPACITY EXEMPT**
14 **CUSTOMERS.**

15 A. This assertion is not supported by any evidence. No Capacity
16 Exempt customers have testified or provided affidavits stating what they knew
17 about their marketers’ pipeline capacity commitments when they entered into their
18 contracts for competitive gas supply. Further, my experience working with
19 customers who purchase competitive energy services suggests that such
20 customers are likely to be must less knowledgeable regarding marketers capacity
21 procurement activities than utility personnel such as Mr. Kain and Ms. Arrangio.
22 What they consider general knowledge may not be known to many, or even most,

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1 retail service customers even if they have comparatively large service
2 requirements. Thus, it should not be assumed that all, or even most, Capacity
3 Exempt customers understand that marketers “*generally do not secure firm pipe-*
4 *line capacity to serve Capacity Exempt customers*”. The Company’s position also
5 does not reconcile with the fact that current Capacity Exempt customers have
6 made **explicit decisions** NOT to receive an assignment of a portion of the
7 Company’s gas supply capacity. It must be presumed that, when current Capacity
8 Exempt customers made their decisions NOT to receive assignments of capacity,
9 they understood that any capacity required to ensure the reliability of their service
10 must be provided by their chosen suppliers.

11 The Commission should ask marketers to demonstrate the manner in which
12 their contracts for Capacity Exempt customers differ from their contracts for
13 capacity assigned users of Firm Transportation services. If no significant
14 differences are apparent, then customers who elected to take Capacity Exempt
15 service from competitive service providers may not have been properly informed
16 regarding the that fact that their suppliers might not secure firm long-term pipeline
17 capacity to serve their gas supply requirements.

18
19 **E. Distinctions between Firm Distribution Service and Firm Gas Supply Service**

20
21 **Q. AT PAGE 8, LINES 13-15, OF THE COMPPANY’S REBUTTAL, IN THE**
22 **CONTEXT OF A QUESTION REGARDING “INCREMENTAL PRICING OF**

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1 **CAPACITY,” THE COMPANY SUGGESTS THAT INCRMENTAL PRICING IS**
2 **NOT IN THE BEST INTEREST OF CURRENT CAPACITY EXEMPT**
3 **CUSTOMERS “WHO ARE STILL *FIRM TRANSPORTATION SERVICE***
4 ***CUSTOMERS* UNDER THE COMPANY’S TARIFF.” DO YOU AGREE?**

5 A. Only in part. Transportation is a service that only involves the delivery of gas
6 supplied by other parties to the customer’s premises. In general, the concept of
7 gas transportation does not necessitate the Company’s provision of any gas supply
8 to meet a transportation service customer’s requirements. (Storage and peaking
9 provided for FT-2 customers is an exception.) A Capacity Exempt FT-1 **Firm**
10 Transportation Service customer is only entitled to reliable access to the
11 Company’s distribution system for the delivery of third-party supplied gas.

12 Capacity Exempt customers have **specifically elected** not to rely on
13 National Grid for the provision of gas supply capacity, and the Company does not
14 plan capacity to serve such customers. The Company’s August 7, 2015 Direct
15 Testimony clearly states at page 9, lines 9-12, that “***mandatory capacity***
16 ***assignment prevents certain customers*** [who have competitive service options]
17 ***from avoiding responsibility for the cost of the Company’s long-term***
18 ***capacity commitments***”. A Capacity Exempt customer, thus, has no basis for
19 assuming that the Company’s pipeline capacity, storage or peaking resources will
20 be available on-demand to serve the customer’s needs if the customer’s marketer
21 fails to perform or if the customer’s contractual relationship with its chosen
22 marketer is terminated without the customer entering into a contract with another

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1 marketer. The only obligation of the Company is offer Default Service on a
2 temporary basis, if and when a Capacity Exempt customer's relationship with the
3 marketer is terminated and the customer specifically requests that service.

4 The Company's tariff at Section 6, Schedule C, Sheet 18, Item 2.04.0 clearly
5 indicates that Default Service is only provided on a "**best efforts**" basis. Moreover,
6 as explained in National Grid's Rebuttal, Default Service is provided under
7 separate tariff rates that are **higher** than those for comparable Firm Gas Sales
8 Service Customers.

9 At any given point in time, the Company may or may not have available
10 reserves of reliable capacity to ensure that a Capacity Exempt customer who
11 seeks to return to Firm Gas Sales Service can receive reliable service. Where a
12 customer has specifically elected not to rely on the Company for either gas supply
13 or pipeline capacity, the Company should have no obligation to ensure the
14 availability of either gas supply or gas supply capacity to serve the customer's
15 demands. However, according to the Company, a problem arises when the
16 service requirements of a Capacity Exempt customer represent essential or critical
17 needs (e.g., hospitals or schools).

18
19 **F. Availability of Capacity to Serve Capacity Exempt Customers**

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1 **Q. DOES NATIONAL GRID HAVE ADEQUATE CAPACITY RESOURCES TO**
2 **SUPPORT AN OPEN ENDED OFFERING OF CAPACITY ASSIGNED SERVICE**
3 **TO CURRENT CAPACITY EXEMPT CUSTOMERS?**

4 A. No. The Company’s Rebuttal Testimony at page 4 suggests that it has an
5 **obligation** under its Default Service rate schedule to provide Firm Service to any
6 Capacity Exempt customer that requests Default Service. However, the Company
7 does not dispute the fact that it lacks adequate capacity at this time to reliably
8 serve the capacity requirements of **all** of its current Capacity Exempt customers.
9 National Grid specifically indicates in footnote 1 on page 4, of its Rebuttal that if all
10 Capacity Exempt customers were required to take and pay for mandatory capacity
11 assignments, the Company would not be able to serve all of those customers and
12 still ensure the reliability of service to its entire portfolio. As demonstrate in my
13 October 8, 2015 Memo, if all current Capacity Exempt customers were to seek to
14 revert to Capacity-Assigned service, it appears that National Grid would only have
15 sufficient capacity at this time to satisfy a little over **5%** of their total requirements.

16 As a matter of sound regulatory policy, Capacity Exempt status should only
17 be permitted for customers having **essential or high priority** service requirements
18 (e.g., hospitals and schools) if they and their chosen marketers can demonstrate
19 that adequate firm pipeline capacity has been secured to serve their demands
20 reliably **under extreme weather conditions**. This means that the MDQs for
21 Capacity Exempt customers who revert to Capacity-Assigned service must be set
22 at levels sufficient to meet their estimated requirements under **Design Day**

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1 weather conditions. **MDQ's based on historic actual loads** or historic averages
2 that do not closely approximate Design Day conditions **should not be viewed as**
3 **sufficient** to ensure the reliability of gas service to meet essential use or high
4 priority customer requirements. Furthermore, given that National Grid does not
5 appear to have adequate capacity at this time to absorb all Capacity Exempt
6 customer requirements and maintain the reliability of its gas service to its Firm Gas
7 Sales customers and Firm capacity-assigned transportation service customers,
8 any program to allow current Capacity Exempt customers the opportunity to return
9 to capacity assigned service **must give priority to customers having essential**
10 **gas service requirements.**

11
12 **G. Required Return to Firm Sales Service**

13
14 Q. **DO YOU HAVE ANY FURTHER OBSERVATIONS REGARDING THE COM-**
15 **PANY'S REBUTTAL TESTIMONY?**

16 A. Yes. It is interesting that nothing in National Grid's rebuttal responds to the position
17 of Santa Buckley and Direct Energy. Those parties offered substantial criticism of
18 the Company's proposals, and the manner in which the Company's proposals were
19 developed, and their impacts on Capacity Exempt customers. However, the
20 Company is silent with respect to their positions. This leaves the record at best
21 unclear regarding where National Grid stands relative to the marketers' proposals.

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1 Potentially important consideration is whether it is necessary for Capacity
2 Exempt who revert to Capacity-Assigned service to permanently forego oppor-
3 tunities all opportunities to use competitive gas supply services in the future. My
4 position is that such a prohibition against future returns to competitive service is
5 unnecessary if the capacity provided to such customers is properly priced during
6 the transition period that I describe. Direct Energy and Santa Buckley Energy also
7 address this issue arguing that this element of the Company's proposal is
8 unnecessary and inappropriate. They further suggest that the Company's
9 proposal which requires Capacity Exempt customers who seek assignments of
10 capacity to return to Firm Sales Service is unnecessarily injurious to the
11 competitive market for natural gas services in Rhode Island and to marketers'
12 relationships with those customers. Yet, National Grid's Rebuttal says nothing in
13 response to these positions of other parties.

14
15 **Q. DOES THE CURRENT STATUS OF THE RECORD OF THIS PROCEEDING**
16 **PROVIDE ADEQUATE BASIS FOR COMMISSION ACCEPTANCE OF THE**
17 **COMPANY'S PROPOSALS AT THIS TIME?**

18 **A.** No. My assessment is that it does not.

19

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1 H. Proposal for Marketer Demonstration of Capacity

2

3 Q. AT PAGE 7, LINES 13-16, THE COMPANY'S REBUTTAL ASSERTS RE-
4 QUIREMENTS FOR MARKETERS THAT SERVE CAPACITY EXEMPT CUS-
5 TOMERS TO ANNUALLY DEMONSTRATE THAT THEY HAVE CONTRACTED
6 FOR SUFFICIENT CAPACITY TO SERVE CAPACITY EXEMPT CUSTOMERS'
7 DESIGN DAY REQUIREMENTS IS "**POINTLESS.**" DO YOU AGREE?

8 A. No, I do not. One of the key concerns that National Grid has expressed with
9 respect to Capacity Exempt customers being limited to Default Service is that there
10 are a number of Capacity Exempt accounts that represent **high priority or**
11 **essential needs customers** such as hospitals and schools. Due to the character
12 of those customers' service requirements, the Company submits that it cannot
13 deny such customers the full benefits of Firm Service when they need it.

14 Whether customers with essential use should have ever been permitted to
15 take Capacity Exempt service is a matter that might be debated. However, as long
16 as there are such customers receiving service on a Capacity Exempt basis, my
17 proposal for marketers to annually demonstrate their ability to **annually**
18 **demonstrate** their ability to serve the **design day** requirements of customers
19 having high priority service needs would ensure that **marketers, not other firm**
20 **service customers**, bear the costs and risks of serving such high priority loads.
21 In this context, my proposal is **not** "*pointless.*"

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1 Since there is no proposal under which the Company would be placed at
2 risk for any added costs associated with allowing current capacity exempt
3 customers to return to firm service, it is **understandable** the National Grid may be
4 **less sensitive to who ultimately does bear such costs.** However, a lack of
5 concern on the part of the Company regarding who, other than the Company,
6 bears the costs and risks associated with allowing capacity exempt customers to
7 return to capacity assigned service does not negate the value or importance of the
8 concepts underlying my proposal.

9
10 **I. My Proposals Are Not Administratively Burdensome**

11
12 **Q. THE COMPANY’S REBUTTAL TESTIMONY AT PAGE 8, LINES 3-7, SUG-**
13 **GESTS THAT ELEMENTS OF MY PROPOSALS ARE EITHER UNNECESSARY**
14 **OR UNWARRANTED AND “ADMINISTRATIVELY BURDENSOME.” IS THERE**
15 **ANY LEGITIMATE BASIS FOR THOSE CRITICISMS?**

16 **A.** No. A closer examination of the elements of my proposals that the Company
17 characterizes in that manner finds no support for the Company’s position. National
18 Grid’s assertions of administrative burdens are not detailed and sufficiently
19 developed in their testimony to warrant any significant weight. My proposal for
20 marketers to annually demonstrate adequate capacity to serve high priority
21 Capacity Exempt loads, fall primarily on marketers, not the Company. At most the
22 Company might be asked to serve as a collector of, and repository for, information

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1 submitted by marketers. Nothing in the elements of my proposals requires the
2 Company's on-going monitoring of marketer operations beyond those
3 requirements already necessitated by its delivery service activities (e.g., tracking
4 customers and capacity assignments by marketer, and billing, overseeing
5 marketers' balancing for gas deliveries to the Company's city gate stations with
6 their customers' gas supply requirements).

7 The activities that the Company refers to as policing for markets through
8 metering and administrative controls represent are nothing more in concept than
9 the tasks required of the Company with respect to enforcement of service
10 interruptions and curtailments where the Company already has access to remotely
11 read metering data for all of its FT-1 customers, including those FT-1 customers
12 that are classified as Capacity Exempt. National Grid's tariff at Section 6, Schedule
13 C, Sheet 17, Item 2.04.0 Default Transportation Service, already states that a
14 Default Service customer *"must maintain an operating telemetering device as
15 required in Item 2.02.0."* The Company's tariff at Section 6, Schedule C, Sheet
16 17, Item 2.02.0 Telemetering, indicates that the subject telemetering requirements
17 apply to both FT-1 and NFT transportation service.

18 In this context, there is no reason that service to Default Service or Interim
19 Market Rate customers cannot be subject to curtailment in situations where the
20 Company does not have, and cannot obtain, sufficient capacity resources to
21 provide Firm Gas Supply Service to a Default Service customer. Unauthorized
22 use by Default Service or Interim Market Rate customers can be monitored and

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1 billed in the same manner that unauthorized use by Non-Firm Transportation
2 service (“NFT”) customers is monitored and billed. Administrative burdens
3 associated with monitoring consumption for Default Service customers or Interim
4 Market Rate customers during periods of service curtailment are thus minimal as
5 those activities could piggy-back on existing NFT programs.

6

7 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

8 A. Yes, it does.

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