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VIA FIRST CLASS MAIL AND ELECTRONIC MAIL

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

November 23, 2015

Re: Review of the Narragansett Electric Company d/b/a National Grid Rate Design
Pursuant to R.I. Gen. Laws § 39-26.6-24 – Docket No. 4568;
Direct Testimony and Exhibits of Ali Al-Jabir

Dear Ms. Massaro:

Enclosed for filing on behalf of the Federal Executive Agencies, represented by the Department of the Navy, is an original and nine (9) copies of the Direct Testimony and Exhibits of Ali Al-Jabir related to the Access Fee at issue in this case.

Please call me at (202) 685-9122 if you have any questions concerning this filing. Thank you for your assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read "A. Genco", is positioned above the typed name.

Allison M. Genco, Esq.
Department of the Navy
Filing on Behalf of the
Federal Executive Agencies

cc: Service List for Docket No. 4568

**BEFORE THE
RHODE ISLAND PUBLIC UTILITIES COMMISSION**

**IN RE: REVIEW OF THE NARRAGANSETT
ELECTRIC COMPANY D/B/A NATIONAL
GRID'S RATE DESIGN PURSUANT TO R.I.
GEN. LAWS § 39-26.6-24**

DOCKET NO. 4568

Direct Testimony of

Ali Al-Jabir

Access Fee

On behalf of

The Federal Executive Agencies

November 23, 2015



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Direct Testimony of Ali Al-Jabir

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Direct Testimony of Ali Al-Jabir

Access Fee

1 Introduction

2 Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

3 A My name is Ali Al-Jabir and my business address is 5151 Flynn Parkway, Suite 412
4 C/D, Corpus Christi, TX 78411.

5 Q WHAT IS YOUR OCCUPATION?

6 A I am an energy advisor and a Senior Consultant in the field of public utility regulation
7 with the firm of Brubaker & Associates, Inc. ("BAI").

8 Q ARE YOU THE SAME ALI AL-JABIR WHO PREVIOUSLY FILED DIRECT
9 TESTIMONY IN THIS PROCEEDING?

10 A Yes, I am.

11 Q ARE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE OUTLINED IN
12 YOUR PRIOR TESTIMONY?

13 A Yes. This information is included in Appendix A to my direct testimony filed on behalf
14 of FEA on October 23, 2015.

1 **Q ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

2 A I am appearing on behalf of the Federal Executive Agencies ("FEA"). Our firm is
3 under contract with the United States Department of the Navy ("Navy") to perform
4 cost of service, rate design and related studies. The Navy represents the Department
5 of Defense and all other Federal Executive Agencies in this proceeding. The FEA is
6 a large consumer of electricity in the service territory of the Narragansett Electric
7 Company ("National Grid" or "the Company") and takes electric service from the
8 Company primarily on Rate G-62.

9 **Q WHAT IS THE PURPOSE OF YOUR ACCESS FEE TESTIMONY?**

10 A My testimony focuses on National Grid's proposal to apply an Access Fee to
11 stand-alone distributed generators ("DG") on the Company's system and discusses a
12 number of concerns with respect to the Company's proposal.

13 **Q PLEASE SUMMARIZE YOUR CONCLUSIONS AND RECOMMENDATIONS.**

14 A My conclusions and recommendations can be summarized as follows:

- 15 1. The Rhode Island Public Utilities Commission ("Commission") should reject the
16 Company's proposal to impose an Access Fee on stand-alone DG facilities in this
17 proceeding.
- 18 2. The Access Fee proposal should be rejected because the Company has not
19 provided adequate support for the proposal in three respects. First, the proposal
20 remains incomplete. Second, the proposal relies on an allocated class cost of
21 service study ("ACCOSS") that it is based on stale cost and usage data. Third,
22 the ACCOSS upon which the Company relies does not separately allocate costs
23 to stand-alone DG facilities on National Grid's system.
- 24 3. If the Commission wishes to revisit the Access Fee issue in the future, it should
25 require National Grid to submit a new Access Fee proposal in the context of a full
26 rate case proceeding. That proposal should be based on an updated ACCOSS
27 that separately identifies the cost of serving stand-alone DG units as a group.

Description of the Proposed Access Fee

Q PLEASE SUMMARIZE THE COMPANY'S ACCESS FEE PROPOSAL.

A The Company proposes to apply a new Access Fee to stand-alone distributed generators on the National Grid system that are directly connected to the distribution system and that have on-site load that is associated with providing station service only. The proposed Access Fee is \$5.00 per kW-month for DG units connected at primary voltage and \$7.25 per kW-month for DG units connected at secondary voltage. For the purpose of applying the Access Fee, the DG unit's monthly kW demand would be determined as the unit's nameplate capacity multiplied by a technology-specific availability factor that is intended to approximate the DG unit's expected coincidence with the Company's distribution system peak. The proposed availability factor for each generation technology is 40% for solar facilities, 30% for wind, and 10% for hydroelectric units.¹

Q HAS THE COMPANY SUBMITTED A COMPLETE ACCESS FEE PROPOSAL?

A No. The Company states that its proposal remains incomplete in at least two respects. First, for DG units that rely on anaerobic digestion, National Grid states that the availability factor remains under development and will be proposed at a later date. For the moment, the Company proposes to apply a 40% availability factor to anaerobic digesters as a proxy. Second, the Company states that it is considering a proposal to "grandfather" certain stand-alone DG facilities. However, the Company asserts that it is still developing the details of this grandfathering proposal.²

¹National Grid's Supplemental Data Response to OER 3-1, Attachment OER 3-1 Supplemental.
²Id.

1 **Q DID THE COMPANY PROVIDE AN ADEQUATE COST BASIS FOR ITS**
2 **PROPOSED ACCESS FEE?**

3 A No. The Company's direct testimony in this proceeding did not provide any cost
4 basis for the proposed Access Fee. Consequently, intervenors were required to elicit
5 a justification for the Access Fee from National Grid through the discovery process.

6 In response to discovery, the Company explained that it based its proposed
7 Access Fee on the per unit demand-related revenue requirements derived from the
8 compliance ACCOSS used in its most recent base rate proceeding. Specifically, the
9 Access Fee for primary voltage level customers was based on the per unit
10 demand-related revenue requirement for Rates G-32/G-62, while the secondary
11 voltage level Access Fee was based on the per unit demand-related revenue
12 requirement for Rate G-02. These per unit demand-related costs were adjusted to
13 reflect the relationship between class non-coincident peak demand and the class
14 maximum demands that are used for billing purposes.³

15 **Concerns with the Company's Access Fee Proposal**

16 **Q DO YOU HAVE ANY CONCERNS WITH THE COMPANY'S ACCESS FEE**
17 **PROPOSAL?**

18 A Yes. This proposal should be rejected because the Company has not provided
19 adequate support for the proposal in three respects. First, the proposal remains
20 incomplete. Second, the proposal relies on an ACCOSS that is based on stale cost
21 and usage data. Third, the ACCOSS upon which the Company relies does not
22 separately allocate costs to stand-alone DG facilities on National Grid's system.

³National Grid's Data Response to CLF 1-12.

1 **Q IN WHAT SENSE IS THE ACCESS FEE PROPOSAL INCOMPLETE?**

2 A As I noted earlier in this testimony, the Company has yet to propose an availability
3 factor for anaerobic digester units and hasn't fully developed the details of its
4 proposal to grandfather certain stand-alone DG units from the Access Fee. Until
5 these details are provided, National Grid's proposal cannot be considered complete.

6 **Q PLEASE EXPLAIN YOUR CONCERN WITH THE COST AND USAGE DATA THAT**
7 **THE COMPANY USED TO DEVELOP THE PROPOSED ACCESS FEE.**

8 A The cost basis provided by the Company for the Access Fee relies on the per-unit
9 demand-related revenue requirements taken from the compliance ACCOSS results it
10 filed in Docket No. 4323. As I discussed in my direct testimony filed in this
11 proceeding on October 23, 2015, that ACCOSS is based on customer load and billing
12 data for calendar year 2012.⁴ Thus, the data used to support National Grid's
13 proposed Access Fee is almost three years old and may no longer reflect the current
14 usage and cost characteristics of the Company's customers by rate class. Therefore,
15 it is not clear whether these ACCOSS results provide a sound basis for establishing
16 the Access Fee.

17 **Q WHY IS IT PROBLEMATIC THAT THE COMPANY'S MOST RECENT ACCOSS**
18 **DOES NOT SEPARATELY EVALUATE STAND-ALONE DG UNITS?**

19 A As I explained earlier, National Grid based its proposed Access Fee on the per unit
20 demand-related costs for Rates G-32/G-62 (primary) and Rate G-02 (secondary).
21 Stand-alone DG customers were not separately evaluated in the ACCOSS. Instead,
22 the Company's study grouped these customers together with traditional, full

⁴Docket No. 4568, Direct Testimony of Company witnesses Peter T. Zschokke and Jeanne A. Lloyd, page 8.

1 requirements delivery service customers. Therefore, the Company's proposed
2 Access Fee is not based on the unique usage and cost characteristics of stand-alone
3 DG units. Moreover, National Grid has not provided any analysis to substantiate that
4 the usage and cost characteristics of stand-alone DG customers are reasonably
5 similar to the usage and cost patterns of full requirements delivery service customers.

6 Indeed, National Grid conceded that it "assumed this group of customers (i.e.,
7 stand-alone distributed generators) causes similar costs on the system as traditional
8 load customers." The Company further stated that "it has not provided an estimate of
9 the costs associated with stand-alone distributed generation facilities."⁵ Thus,
10 National Grid's proposed Access Fee is not adequately supported by a current cost
11 analysis that is unique to stand-alone DG units.

12 **Q WHAT IS YOUR RECOMMENDATION REGARDING NATIONAL GRID'S**
13 **PROPOSED ACCESS FEE?**

14 **A** I recommend that the Commission reject the proposed Access Fee in this proceeding.
15 For the reasons discussed in this testimony, National Grid has not provided adequate
16 support or justification for its proposal. If the Commission wishes to reevaluate the
17 Access Fee concept, it should do so in a full rate case proceeding that relies on an
18 updated ACCOSS with current usage and cost data to ensure that the Access Fee is
19 reasonably cost-based. Moreover, the ACCOSS that is used to establish the Access
20 Fee should separately evaluate stand-alone DG units to ensure that the resulting
21 Access Fee reasonably reflects the unique usage and cost characteristics of these
22 units on the Company's delivery system.

⁵National Grid's Data Response to Division 1-24.

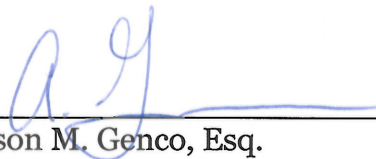
1 **Q DOES THIS CONCLUDE YOUR DIRECT TESTIMONY REGARDING THE**
2 **PROPOSED ACCESS FEE?**

3 **A Yes, it does.**

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CERTIFICATE OF SERVICE
RI PUC Docket No. 4568

I hereby certify on this 23rd day of November, 2015, a copy of the cover letter and the Direct Testimony of Ali Al-Jabir on the Access Fee, on behalf of the Federal Executive Agencies, were electronically transmitted to the individuals listed below. An original hard copy was sent via first class mail to National Grid and the Division of Public Utilities & Carriers. An original hard copy and nine (9) copies of this filing have been sent via first class mail to the Clerk of the Rhode Island Public Utilities Commission.


Allison M. Genco, Esq.

Docket No. 4568 National Grid's Rate Design Pursuant to R.I. Gen. Laws Sec 39-26.6-24
Service List updated 11/16/15

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