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October 8, 2015

VIA ELECTRONIC MAIL and HAND DELIVERY

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

Re: 2015 Gas Cost Recovery Filing – Docket No. 4576

Dear Ms. Massaro:

Enclosed for filing in the above-referenced matter are an original and nine (9) copies of The Narragansett Electric Company d/b/a National Grid's ("National Grid" or the "Company") Responses to Requests 4-2, 4-3 and 4-5 of the Rhode Island Division of Public Utilities and Carriers' (the "Division") Fourth Set of Data Requests, issued on September 18, 2015. This filing completes the Company's Responses to the Division's Fourth Set of Data Requests.

Thank you for your attention to this filing. If you have any questions, please contact me at (401) 457-5164.

Very truly yours,

A handwritten signature in black ink, appearing to read "Adam M. Ramos".

Adam M. Ramos

AMR:cw
Enclosures

cc: Docket 4576 Service List (via electronic mail)

**Docket No. 4576 – National Grid – 2015 Annual Gas Cost Recovery Filing
 (“GCR”) - Service List as of 9/18/15**

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Division 4-2

Request:

Re: Schedule AEL-1, page 11 of 15, line 20, please document and explain the reasons for the forecasted increase in annual throughput for the Medium C&I class over the prior year forecast. The forecasted annual throughput for that class in this proceeding is 6,166,416 Dth. When compared with the Company's forecasted annual throughput in prior GCR Docket No. 4520 of 5,298,689 Dth (Schedule AEL-1S, page 11, line 20) the Company is forecasting a 16% increase in throughput for the Medium C&I class in the current GCR compared to last year.

Response:

The 16 percent increase in the Medium C&I class is in line with the general observations that the Company listed in its response to Division 3-4 where the overall increase in Commercial / Industrial volumes is driven by the increase in use per customer observed over the past two planning years.

Attachment DIV 4-2-A summarizes the use per customer, meter count, and resulting volume data by planning year (November-October) for PY2011 through PY 2016 for the Medium C&I rate group. Attachment DIV 4-2-B is the Excel spreadsheet with these charts and the underlying data. Attachment DIV 4-2-B is being produced separately on CD-ROM.

For the 2014Q2 forecast (blue lines), actual historical data are from PY2011 through the first four months of PY2014; forecast data are from the final eight months of PY2014 through PY 2016. The historical data reflects the warmer-than-normal winter of PY2012, the near-normal winter of PY 2013, the colder-than-normal winter of PY2014, and the normal forecast of PY 2015 and PY2016.

For the 2015Q2 forecast (black lines), actual historical data are from PY2011 through the first four months of PY2015; forecast data are from the final eight months of PY2015 through PY 2016. The historical data reflects the warmer-than-normal winter of PY2012, the near-normal winter of PY 2013, the colder-than-normal winters of PY2014 and PY 2015, and the normal forecast PY2016.

Use Per Customer (UPC)

For the Medium C&I category, the 2014Q2 forecast (blue line) showed a higher UPC expected for PY2014 with a return to previous levels under normal weather in PY2015 and PY2016. The analysis performed for the 2015Q2 forecast showed, in fact, a significantly higher jump in annual UPC through PY2014 and into PY2015. This higher UPC is forecast to continue into PY2016.

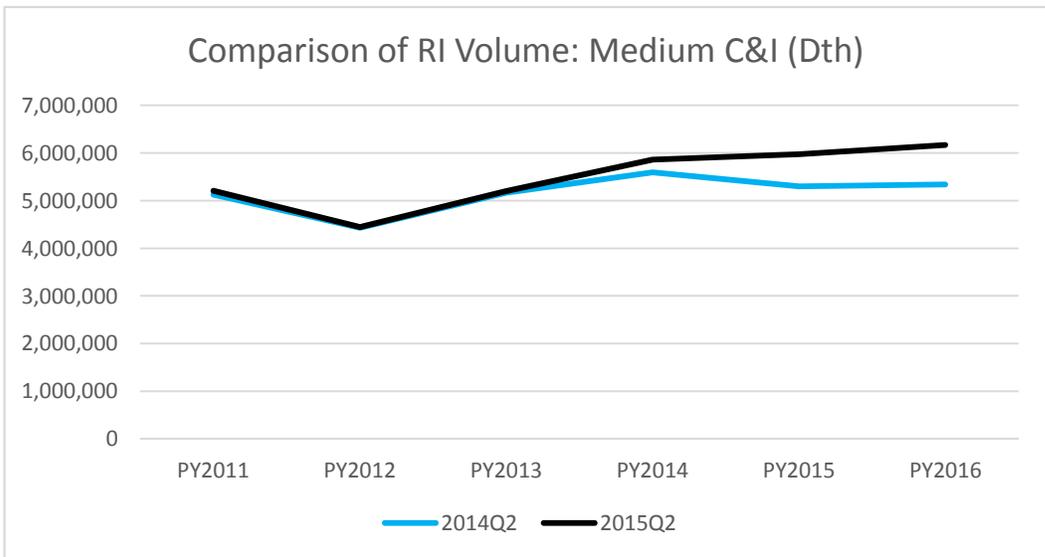
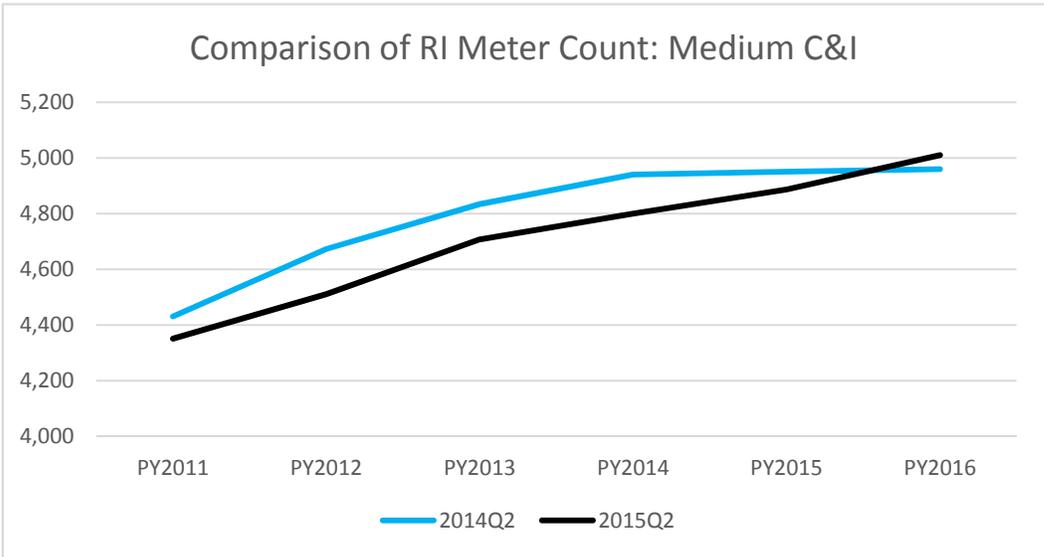
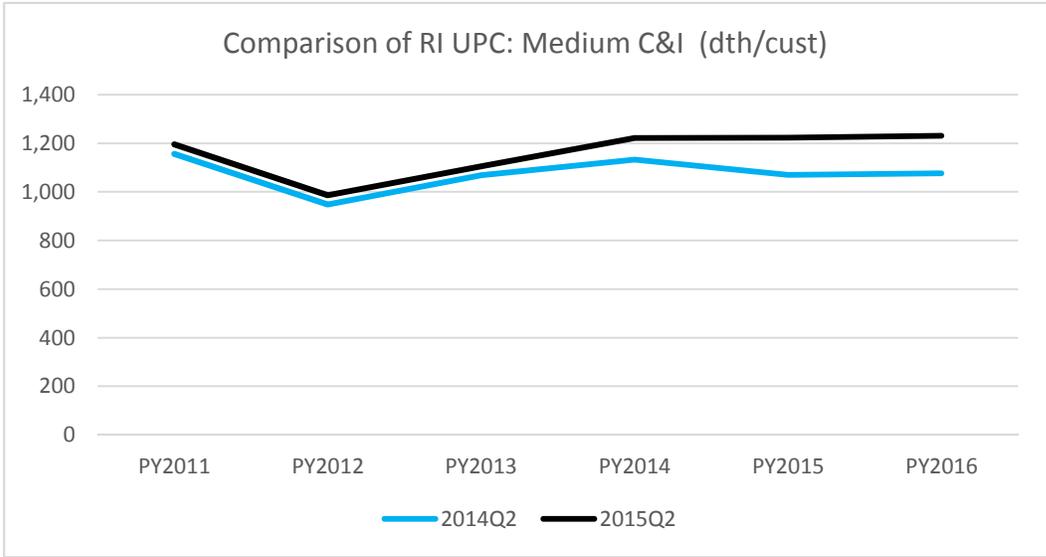
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Meter Count

In preparation for its 2015Q2 forecast, the Company reanalyzed its historical billing data and clarified its definition of the meters it includes in its forecast as open, active, and flowing meters. The result was to reduce the number of Medium C&I meters in its analysis by approximately 100 meters per year historically. In the PY2015 and PY2016 years, there was not a significant difference.

Volume (UPC times Meter Count)

The difference between the 2014Q2 and 2015Q2 forecasts of Medium C&I volume is primarily driven by the increased use per customer observations in the Company's actual historical data from the two very cold winters of PY2014 and PY2015. While the UPC increases are coincidental with the cold winters, they could be caused by either the severity of the weather, increased economic activity, or both.



Division 4-3

Request:

Re: Schedule AEL-1, page 11 of 15, please:

- a. Provide the Company's assessment of changes in forecasted annual gas use per customer by rate class;
- b. Document and explain the manner in which the results of Company's energy efficiency programs are reflected in its forecasts of annual gas use for each rate class.

Response:

- a. In its response to Division 3-4, the Company discusses its conclusions regarding the annual gas uses per customer.

For both its 2014Q2 and the 2015Q2 forecast, the Residential use per customer data and forecasts are very similar.

For the Commercial/Industrial Sales category, the 2014Q2 forecast showed a higher use per customer (UPC) expected for PY2014 with a return to previous levels under normal weather in PY2015 and PY2016. The analysis performed for the 2015Q2 forecast showed, in fact, a significantly higher jump in annual UPC through PY2014 and into PY2015. This higher UPC is forecast to continue into PY2016.

For the Commercial/Industrial Transportation category, the 2014Q2 forecast also showed a higher UPC expected for PY2014 with a return to previous levels under normal weather in PY2015 and PY2016. The analysis performed for the 2015Q2 forecast showed, in fact, a higher annual UPC through PY2014 which continued into PY2015. This higher UPC is forecast to return to the levels of PY2014 in PY2016.

- b. In its response to Division 3-1 as well as Section III.B.4 of its 2014 Gas Long-Range Resource and Requirements Plan, the Company discusses its methodology of reduction applied to its retail volume forecast to account for the impact of its Energy Efficiency programs. Because the Company's historical billing volume data includes the impact of the Company's successes in implementing its Energy Efficiency programs, the Company will reduce its forecasted retail volumes only by the incremental amount of Energy Efficiency reduction necessary to model the success of achieving the goals in its most

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recently approved Energy Efficiency filing. If the Company's historical success exceeded its goals, then there is no additional reduction applied to its retail volume forecast.

Division 4-5

Request:

Re: Schedule AEL-1, page 12 of 15, line 15, please document and fully explain the derivation of the demand estimates upon which the Company relies to support its 341,091 Dth estimate of Design Day Sendout Requirements for 2015/2016.

Response:

In its response to Division 3-1 as well as Section III of its 2014 Gas Long-Range Resource and Requirements Plan, the Company discusses its five-step process which it follows annually to develop its forecasted design day sendout requirements.

Annually, the Company develops its ten-year forecast of customer requirements under design-weather planning conditions using the following process:

1. Forecast Retail Demand Requirements

Retail demand requirements are based on customer billing data, which is available by rate class and by month. The Company uses a series of econometric models to develop a forecast of retail demand requirements for traditional markets (i.e., residential heating, residential non-heating, and commercial and industrial (C&I) customers). The forecast of retail demand requirements for traditional markets is summed to determine the total retail demand requirements over the forecast period. This forecast of retail demand is disaggregated into monthly billed and unbilled volumes and, hence, can be calendarized for supply planning purposes.

2. Develop Reference Year Sendout Using Regression Equations

The daily values of the Company's wholesale sendout in the reference year (the most recent April through March time period) serves as the basis of allocating the monthly retail demand forecast to the daily level. Because actual sendout data for the reference year is a function of the weather conditions experienced in that year, the Company develops this allocator for sendout using regression equations to normalize the sendout in the reference year based on normalized weather data.

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3. Normalize Forecast of Customer Requirements

The Company's monthly retail demand forecast is allocated to the daily level based on the use of its daily wholesale sendout regression equation and its normal daily heating degree day data. This step sets the Company's total normalized forecast of customer requirements over the ten-year forecast period.

4. Determine Design Weather Planning Standards

The Company performs an analysis to determine the appropriate design day and design year planning standards for the development of a least-cost reliable supply portfolio over the forecast period.

5. Determine Customer Requirements under Design Weather Conditions

Using the applicable design day and design year weather planning standards and the regression equation discussed in Step 3 above, the Company determines the design year sendout requirements and the design day sendout requirements. These design sendout requirements establish the Company's daily forecasted customer requirements over the forecast period.