nationalgrid

Jennifer Brooks Hutchinson
Senior Counsel

June 8, 2016

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: Docket 4605 - 2017 Standard Offer Service Procurement Plan
2017 Renewable Energy Standard Procurement Plan
Responses to PUC Data Requests – Set 1

Dear Ms. Massaro:

On behalf of National Grid,[1] I am enclosing the Company's responses to the first set of data requests issued by the Rhode Island Public Utilities Commission in the above-referenced docket.

Please be advised that the Company is seeking protective treatment of its response to data request PUC 1-7, as permitted by PUC Rule 1.2(g) and by R.I. Gen. Laws § 38-2-2(4)(B). This filing also contains a Motion for Protective Treatment in accordance with PUC Rule 1.2(g) and R.I. Gen. Laws § 38-2-2(4)(B). In compliance with Rule 1.2(g), National Grid is providing one (1) complete unredacted copy of the confidential version of its response to data request PUC 1-7 in a sealed envelope marked, **"Contains Privileged and Confidential Materials – Do Not Release."**

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

Very truly yours,

Jennifer Brooks Hutchinson

Enclosure

cc: Docket 4605 Service List
Leo Wold, Esq.
Steve Scialabba, Division

[1] The Narragansett Electric Company d/b/a National Grid.

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Certificate of Service

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

The paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.

Joanne M. Scanlon

June 8, 2016
Date

Docket No. 4605 - National Grid – 2017 Standard Offer Service (SOS) and 2017 Renewable Energy Standard (RES) Procurement Plans
Service List updated 3/18/16

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STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

RHODE ISLAND PUBLIC UTILITIES COMMISSION

2017 Standard Offer Supply Procurement Plan and Renewable Energy Standard Procurement Plan **Docket No. 4605**

NATIONAL GRID'S REQUEST FOR PROTECTIVE TREATMENT OF CONFIDENTIAL INFORMATION

National Grid[1] hereby requests that the Rhode Island Public Utilities Commission (PUC) provide confidential treatment and grant protection from public disclosure of certain confidential, competitively sensitive, and proprietary information submitted in this proceeding, as permitted by PUC Rule 1.2(g) and R.I.G.L. § 38-2-2(4)(B). National Grid also hereby requests that, pending entry of that finding, the PUC preliminarily grant National Grid's request for confidential treatment pursuant to Rule 1.2 (g)(2).

I. BACKGROUND

On June 8, 2016, National Grid is filing with the PUC its responses to the Rhode Island Public Utilities Commission's (PUC) First Set of Data Requests. PUC Data Request 1-7 requests the number of bids received for each rate class (Industrial Group, Large Customer Group, Small Customer Group, or Commercial Group, or Residential Group), the number of flat bids submitted, and whether a shaped bid or flat bid was chosen. In response to PUC Data Request 1-7, the Company is providing redacted and un-redacted versions of the response, which contains a table of the procurements made between June 17, 2009 (the first procurement for SOS

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

beginning January 2010) and October 7, 2015 (the last procurement of 2015). Contained within the table are the total number of bids received and number of flat bids submitted in the Company's solicitations. The number of bidders in each transaction is commercially sensitive information. Therefore, National Grid requests that the PUC give the information contained in the un-redacted version of its response to PUC Data Request 1-7 confidential treatment.

II. LEGAL STANDARD

The PUC's Rule 1.2(g) provides that access to public records shall be granted in accordance with the Access to Public Records Act ("APRA"), R.I.G.L. §38-2-1 *et seq.* Under APRA, all documents and materials submitted in connection with the transaction of official business by an agency is deemed to be a "public record," unless the information contained in such documents and materials falls within one of the exceptions specifically identified in R.I.G.L. §38-2-2(4). Therefore, to the extent that information provided to the PUC falls within one of the designated exceptions to the public records law, the PUC has the authority under the terms of APRA to deem such information to be confidential and to protect that information from public disclosure.

In that regard, R.I.G.L. §38-2-2(4)(B) provides that the following types of records shall not be deemed public:

> Trade secrets and commercial or financial information obtained from a person, firm, or corporation which is of a privileged or confidential nature.

The Rhode Island Supreme Court has held that this confidential information exemption applies where disclosure of information would be likely either (1) to impair the Government's ability to obtain necessary information in the future; or (2) to cause substantial harm to the

competitive position of the person from whom the information was obtained. Providence Journal Company v. Convention Center Authority, 774 A.2d 40 (R.I. 2001).

The first prong of the test is satisfied when information is voluntarily provided to the governmental agency and that information is of a kind that would customarily not be released to the public by the person from whom it was obtained. Providence Journal, 774 A.2d at 47.

III. BASIS FOR CONFIDENTIALITY

The information contained in the un-redacted version of the Company's response to PUC Data Request 1-7 contains the number of bids received in each solicitation and the number of flat bids submitted as part of the procurement process. This bid information is confidential and proprietary, and of the type that the Company would ordinarily not make public. National Grid is providing the un-redacted version of the response to PUC Data Request 1-7 to the PUC and the Division on a voluntary basis to assist the PUC with its decision-making in this proceeding. Release of this type of information would be commercially harmful to the Company and to its customers because suppliers could use this information in such a way that would impede the Company's ability to obtain the best possible price for its customers. Moreover, disclosure of this information could adversely affect the balance of the wholesale energy markets.

IV. CONCLUSION

Accordingly, the Company requests that the PUC grant protective treatment to the un-redacted version of the response to PUC Data Request 1-7.

WHEREFORE, the Company respectfully requests that the PUC grant its Motion for Protective Treatment as stated herein.

Respectfully submitted,

NATIONAL GRID

By its attorney,

Jennifer Brooks Hutchinson (RI Bar #6176)
National Grid
280 Melrose Street
Providence, RI 02907
(401) 784-7288

Dated: June 8, 2016

PUC 1-1

Request:

For each year 2010 through 2015, please provide the deferral balances related to Standard Offer Service, and the rate changes required solely to reconcile the deferrals.

Response:

Please refer to Table 1 below for the over/under recovery balance for each calendar year's reconciliation of Standard Offer Service for the years 2010 through 2015, per Customer Group. These amounts include estimated interest during each recovery period.

Please refer to Table 2 below for the resulting Standard Offer Service Adjustment Factors for each Customer Group during the subsequent recovery periods, beginning with the recovery period April 2011 through March 2012, and ending April 2016 through March 2017.

Table 1:

Calendar Year	Customer Group Over/(Under) Recovery			
	Residential	Commercial	Industrial	Total
2010	$1,248,856	($367,551)	($612,066)	$269,239
2011	($507,404)	($2,387,391)	$2,773,348	($121,447)
2012	$2,606,829	($1,091,463)	$3,310,105	$4,825,471
2013	($5,379,324)	($4,618,647)	$3,659,820	($6,338,151)
2014	($1,697,131)	($3,469,536)	($604,777)	($5,771,444)
2015	$8,774,771	($2,055,112)	$3,436,607	$10,156,266

Table 2:

Recovery Period	Standard Offer Service Adjustment Factors		
	Residential	Commercial	Industrial
FY 2012	($0.00041)	$0.00027	$0.00075
FY 2013	$0.00016	$0.00184	($0.00332)
FY 2014	($0.00087)	$0.00094	($0.00487)
FY 2015	$0.00171	$0.00370	($0.00360)
FY 2016	$0.00055	$0.00282	$0.00059
FY 2017	($0.00318)	$0.00206	($0.01014)

PUC 1-1, page 2

The Company is also providing Attachment PUC 1-1, which includes the relevant pages in the schedules filed by the Company in its Annual Retail Rate Filings, and which provides the calculation of the Standard Offer Adjustment Factors designed to recover/refund each Customer Group's under/over recovery. The attachment includes the following:

Page 1 is Docket No. 4226, February 2011 Electric Retail Rate Filing, Schedule JAL-3, Pg. 1, Standard Offer Service Reconciliation, Calculation of SOS Adjustment Factor

Page 2 is Docket No. 4314, 2012 Electric Retail Rate Filing, Book 1 of 2, Schedule JAL-3, Pg. 1, Standard Offer Service Reconciliation, Calculation of SOS Adjustment Factors

Page 3 is Docket No. 4391, 2013 Electric Retail Rate Filing, Schedule JAL-3, Pg. 1, Standard Offer Service Reconciliation, Calculation of SOS Adjustment Factors

Page 4 is Docket No. 4485, 2014 Electric Retail Rate Filing, Schedule JAL-3, Pg. 1, Standard Offer Service Reconciliation, Calculation of SOS Adjustment Factors

Page 5 is Docket No. 4554, 2015 Electric Retail Rate Filing, Schedule JAL-3, Pg. 1, Standard Offer Service Reconciliation, Calculation of SOS Adjustment Factors

Page 6 is Docket No. 4599, 2016 Electric Retail Rate Filing, Schedule ASC-3 Revised, Pg. 1, Standard Offer Service Reconciliation, Calculation of SOS Adjustment Factors

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The Narragansett Electric Company
d/b/a National Grid
R.I.P.U.C. Docket No. ____
Schedule JAL-3
Page 1 of 3

Standard Offer Service Reconciliation
Calculation of SOS Adjustment Factor

Industrial Group SOS Adjustment Factor

(1)	Large Customer Under Collection for the period January 1, 2010 through December 31, 2010	$1,173,549
(2)	Interest During Recovery Period	$27,192
(3)	Under collection attributable to Rate G-02	($588,674)
(4)	Total Large Customer SOS Under Collection	$612,066
(5)	forecasted Industrial Group SOS kWh for the period April 1, 2011 through March 31, 2012	811,565,862
(6)	Industrial Group SOS Adjustment Factor	$0.00075

Residential/Commercial SOS Adjustment Factor

(7)	Small Customer Over Collection for the period January 1, 2010 through December 31, 2010	($1,436,690)
(8)	Interest During Recovery Period	($33,289)
(9)	Total Small Customer Over Collection for the period January 1, 2010 through December 31, 2010	($1,469,979)

Residential SOS Adjustment Factor

(10)	Residential Portion of Small Customer Over Collection	($1,248,856)
(11)	forecasted Residential Group SOS kWh for the period April 1, 2011 through March 31, 2012	3,029,699,810
(12)	Residential Group SOS Adjustment Factor (Credit)	($0.00041)

Commercial SOS Adjustment Factor

(13)	Commercial Portion of Small Customer Over Collection	($221,123)
(14)	Under collection attributable to Rate G-02	$588,674
(15)	Total Commercial Under Collection	$367,551
(16)	forecasted Commercial Group SOS kWh for the period April 1, 2011 through March 31, 2012	1,353,413,267
(17)	Commercial Group SOS Adjustment Factor	$0.00027

Notes:
(1) from Schedule JAL-2, page 5
(2) from Page 2
(3) from Page 2
(4) Line (1) + Line (2) + Line (3)
(5) from Page 2
(6) Line (4) ÷ Line (5), truncated to five decimal places
(7) from Schedule JAL-2, page 9
(8) from Page 3
(9) Line (7) + Line (8)
(10) Allocation % from Page 3, Line (10) x Line (9)
(11) per Company forecast
(12) Line (10) ÷ Line (11), truncated to five decimal places
(13) Allocation % from Page 3, Line (12) x Line (9)
(14) Line (3)
(15) Line (13) + Line (14)
(16) per Company forecast
(17) Line (10) ÷ Line (11), truncated to five decimal places

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Feb-2012

The Narragansett Electric Company
d/b/a National Grid
R.I.P.U.C. Docket No. ____
Schedule JAL-3
Page 1 of 5

Standard Offer Service Reconciliation
Calculation of SOS Adjustment Factors

Industrial Group SOS Adjustment Factor

(1)	Industrial Group Over Collection for the period January 1, 2011 through December 31, 2011	($2,686,797)
(2)	Interest During Recovery Period	($58,659)
(3)	Plus: 2011 SOS Industrial Group Portion of Renewable Generation Credits	($175,336)
(4)	Plus: Energy Sales to ISO for Net Metered Customers	$147,443
(5)	Total Industrial Group SOS Over Collection	($2,773,348)
(6)	forecasted Industrial Group SOS kWh for the period April 1, 2012 through March 31, 2013	834,755,441
(7)	Industrial Group SOS Adjustment Factor	($0.00332)

Commercial Group SOS Adjustment Factor

(8)	Commercial Group Under Collection for the period January 1, 2011 through December 31, 2011	$2,338,873
(9)	Interest During Recovery Period	$51,063
(10)	Plus: 2011 SOS Commercial Group Portion of Renewable Generation Credits	($2,545)
(11)	Total Commercial Group SOS Under Collection	$2,387,391
(12)	forecasted Commercial Group SOS kWh for the period April 1, 2012 through March 31, 2013	1,291,869,782
(13)	Commercial Group SOS Adjustment Factor	$0.00184

Residential Group SOS Adjustment Factor

(14)	Residential Group Under Collection for the period January 1, 2011 through December 31, 2011	$499,271
(15)	Interest During Recovery Period	$10,900
(16)	Plus: 2011 SOS Residential Group Portion of Renewable Generation Credits	($2,768)
(17)	Total Residential Group SOS Under Collection	$507,404
(18)	forecasted Residential Group SOS kWh for the period April 1, 2012 through March 31, 2013	3,070,022,296
(19)	Residential Group SOS Adjustment Factor	$0.00016

Notes:

(1) from Schedule JAL-2, Page 6, column (g)
(2) from Page 2, column (5)
(3) per Page 5
(4) from Schedule JAL-2 Page 8, column (c)
(5) Line (1) + Line (2) + Line (3) + Line (4)
(6) from Company forecast
(7) Line (5) ÷ Line (6), truncated to five decimal places
(8) from Schedule JAL-2, Page 11, column (g)
(9) from Page 3, column (5)
(10) per Page 5
(11) Line (8) + Line (9) + Line (10)
(12) from Company forecast
(13) Line (11) ÷ Line (12), truncated to five decimal places
(14) from Schedule JAL-2, Page 15, column (g)
(15) from Page 4,column (5)
(16) per Page 5
(17) Line (14) + Line (15) + Line (16)
(18) from Company forecast
(19) Line (17) ÷ Line (18), truncated to five decimal places

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Feb-2012

The Narragansett Electric Company
d/b/a National Grid
R.I.P.U.C. No. _____
Schedule JAL-3
Page 1 of 4

Standard Offer Service Reconciliation
Calculation of SOS Adjustment Factors

Industrial Group SOS Adjustment Factor

(1)	Industrial Group Over Collection for the period January 1, 2012 through December 31, 2012	($3,260,378)
(2)	Interest During Recovery Period	($49,727)
(3)	Total Industrial Group SOS Over Collection	($3,310,105)
(4)	forecasted Industrial Group SOS kWh for the period April 1, 2013 through March 31, 2014	679,365,983
(5)	Industrial Group SOS Adjustment Factor	($0.00487)

Commercial Group SOS Adjustment Factor

(6)	Commercial Group Under Collection for the period January 1, 2012 through December 31, 2012	$1,075,066
(7)	Interest During Recovery Period	$16,397
(8)	Total Commercial Group SOS Under Collection	$1,091,463
(9)	forecasted Commercial Group SOS kWh for the period April 1, 2013 through March 31, 2014	1,152,393,397
(10)	Commercial Group SOS Adjustment Factor	$0.00094

Residential Group SOS Adjustment Factor

(11)	Residential Group Over Collection for the period January 1, 2012 through December 31, 2012	($2,567,667)
(12)	Interest During Recovery Period	($39,162)
(13)	Total Residential Group SOS Over Collection	($2,606,829)
(14)	forecasted Residential Group SOS kWh for the period April 1, 2013 through March 31, 2014	2,977,785,067
(15)	Residential Group SOS Adjustment Factor	($0.00087)

Line Descriptions:

(1) per Schedule JAL-2, Page 6
(2) from Page 2, column (5)
(3) Line (1) + Line (2)
(4) from Company forecast
(5) Line (3) ÷ Line (4), truncated to five decimal places
(6) per Schedule JAL-2, Page 11
(7) from Page 3, column (5)
(8) Line (6) + Line (7)
(9) from Company forecast
(10) Line (8) ÷ Line (9), truncated to five decimal places
(11) per Schedule JAL-2, Page 16
(12) from Page 4, column (5)
(13) Line (11) + Line (12)
(14) from Company forecast
(15) Line (13) ÷ Line (14), truncated to five decimal places

Standard Offer Service Reconciliation
Calculation of SOS Adjustment Factors

Industrial Group SOS Adjustment Factor

(1)	Industrial Group Over Collection for the period January 1, 2013 through December 31, 2013	($3,599,132)
(2)	Interest During Refund Period	($60,688)
(3)	Total Industrial Group SOS Over Collection	($3,659,820)
(4)	forecasted Industrial Group SOS kWh for the period April 1, 2014 through March 31, 2015	1,014,551,126
(5)	Industrial Group SOS Adjustment Factor	($0.00360)

Commercial Group SOS Adjustment Factor

(6)	Commercial Group Under Collection for the period January 1, 2013 through December 31, 2013	$4,542,059
(7)	Interest During Recovery Period	$76,587
(8)	Total Commercial Group SOS Under Collection	$4,618,647
(9)	forecasted Commercial Group SOS kWh for the period April 1, 2014 through March 31, 2015	1,247,272,477
(10)	Commercial Group SOS Adjustment Factor	$0.00370

Residential Group SOS Adjustment Factor

(11)	Residential Group Under Collection for the period January 1, 2013 through December 31, 2013	$5,290,123
(12)	Interest During Recovery Period	$89,201
(13)	Total Residential Group SOS Under Collection	$5,379,324
(14)	forecasted Residential Group SOS kWh for the period April 1, 2014 through March 31, 2015	3,131,989,074
(15)	Residential Group SOS Adjustment Factor	$0.00171

Line Descriptions:

(1) per Schedule JAL-2, Page 2
(2) from Page 2, column (5)
(3) Line (1) + Line (2)
(4) from Company forecast
(5) Line (3) ÷ Line (4), truncated to five decimal places
(6) per Schedule JAL-2, Page 2
(7) from Page 2, column (5)
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(9) from Company forecast
(10) Line (8) ÷ Line (9), truncated to five decimal places
(11) per Schedule JAL-2, Page 2
(12) from Page 2, column (5)
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(14) from Company forecast
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Standard Offer Service Reconciliation
Calculation of SOS Adjustment Factors

Industrial Group SOS Adjustment Factor

(1)	Industrial Group Under-Recovery for the period January 1, 2014 through December 31, 2014	$593,545
(2)	Interest During Recovery Period	$11,232
(3)	Total Industrial Group SOS Under-Recovery	$604,777
(4)	forecasted Industrial Group SOS kWh for the period April 1, 2015 through March 31, 2016	1,015,966,315
(5)	Industrial Group SOS Adjustment Factor	$0.00059

Commercial Group SOS Adjustment Factor

(6)	Commercial Group Under-Recovery for the period January 1, 2014 through December 31, 2014	$3,405,098
(7)	Interest During Recovery Period	$64,438
(8)	Total Commercial Group SOS Under-Recovery	$3,469,536
(9)	forecasted Commercial Group SOS kWh for the period April 1, 2015 through March 31, 2016	1,229,036,477
(10)	Commercial Group SOS Adjustment Factor	$0.00282

Residential Group SOS Adjustment Factor

(11)	Residential Group Under-Recovery for the period January 1, 2014 through December 31, 2014	$1,665,611
(12)	Interest During Recovery Period	$31,520
(13)	Total Residential Group SOS Under-Recovery	$1,697,131
(14)	forecasted Residential Group SOS kWh for the period April 1, 2015 through March 31, 2016	3,055,680,499
(15)	Residential Group SOS Adjustment Factor	$0.00055

Line Descriptions:

(1) per Schedule JAL-2, Page 4
(2) from Page 2, column (e) - Industrial
(3) Line (1) + Line (2)
(4) from Company forecast
(5) Line (3) ÷ Line (4), truncated to five decimal places
(6) per Schedule JAL-2, Page 3
(7) from Page 2, column (e) - Commercial
(8) Line (6) + Line (7)
(9) from Company forecast
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(11) per Schedule JAL-2, Page 2
(12) from Page 2, column (e) - Residential
(13) Line (11) + Line (12)
(14) from Company forecast
(15) Line (13) ÷ Line (14), truncated to five decimal places

Standard Offer Service Reconciliation
Calculation of SOS Adjustment Factors

Industrial Group SOS Adjustment Factor

(1)	Industrial Group Over Recovery for the period January 1, 2015 through December 31, 2015	($3,379,609)
(2)	Interest During Refund Period	($56,998)
(3)	Total Industrial Group SOS Over Collection	($3,436,607)
(4)	forecasted Industrial Group SOS kWh for the period April 1, 2016 through March 31, 2017	338,642,847
(5)	Industrial Group SOS Adjustment Factor	($0.01014)

Commercial Group SOS Adjustment Factor

(6)	Commercial Group Under Recovery for the period January 1, 2015 through December 31, 2015	$2,021,026
(7)	Interest During Recovery Period	$34,085
(8)	Total Commercial Group SOS Under Collection	$2,055,112
(9)	forecasted Commercial Group SOS kWh for the period April 1, 2016 through March 31, 2017	993,180,075
(10)	Commercial Group SOS Adjustment Factor	$0.00206

Residential Group SOS Adjustment Factor

(11)	Residential Group Over Collection for the period January 1, 2015 through December 31, 2015	($8,629,236)
(12)	Interest During Refund Period	($145,536)
(13)	Total Residential Group SOS Over Collection	($8,774,771)
(14)	forecasted Residential Group SOS kWh for the period April 1, 2016 through March 31, 2017	2,752,764,881
(15)	Residential Group SOS Adjustment Factor	($0.00318)

Line Descriptions:

(1) per Schedule ASC-2 Revised, Page 4 of 7
(2) from Page 2, column (5)
(3) Line (1) + Line (2)
(4) from Company forecast
(5) Line (3) ÷ Line (4), truncated to five decimal places
(6) per Schedule ASC-2 Revised, Page 3 of 7
(7) from Page 2, column (5)
(8) Line (6) + Line (7)
(9) from Company forecast
(10) Line (8) ÷ Line (9), truncated to five decimal places
(11) per Schedule ASC-2 Revised, Page 2 of 7
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PUC 1-2

Request:

For each year 2010 through 2015, please quantify the dollar value and rate impact of the "winter cost surprise" from what was expected, if any.

Response:

The "winter supply cost surprise" is referred to as the Oct-Mar Supply Cost Surprise in the NorthBridge Report, for the Residential Group. It is defined as the distribution of the difference between actual (ex post) and forecasted (ex ante) October-March supply costs (i.e., how actual supply costs during this critical period compared to expectations three months before the period began). It is expressed as a rate in the NorthBridge Report.

The table below shows the dollar difference between actual[1] and forecasted supply costs as well as the rate for the winter supply cost surprise (¢/kWh) for the Small Customer,[2] Residential, and Commercial Groups.

Start	End	Group	Forecasted Supply Cost $	Forecasted Supply Cost (¢/kWh)	Actual Supply Cost $	Actual Supply Cost (¢/kWh)	Difference between Actual and Forecasted $	Winter Supply Cost Surprise (¢/kWh)
1/1/2010	3/31/2010	Small Customer	94,375,350	9.105	84,975,062	9.069	(9,400,288)	(0.036)
10/1/2010	3/31/2011	Small Customer	158,322,613	8.428	156,544,263	8.390	(1,778,350)	(0.037)
10/1/2011	3/31/2012	Residential	110,537,067	7.015	106,055,204	6.859	(4,481,863)	(0.157)
10/1/2011	3/31/2012	Commercial	47,814,435	6.897	44,833,193	6.734	(2,981,241)	(0.163)
10/1/2012	3/31/2013	Residential	108,125,990	6.666	111,313,927	6.925	3,187,937	0.260
10/1/2012	3/31/2013	Commercial	38,561,507	6.138	38,884,679	6.428	323,172	0.290
10/1/2013	3/31/2014	Residential	124,264,197	7.846	133,298,471	8.191	9,034,274	0.345
10/1/2013	3/31/2014	Commercial	51,247,193	8.383	58,675,738	8.711	7,428,544	0.328
10/1/2014	3/31/2015	Residential	179,647,276	11.423	175,965,477	11.248	(3,681,799)	(0.175)
10/1/2014	3/31/2015	Commercial	80,983,043	12.473	76,488,332	11.961	(4,494,711)	(0.513)
10/1/2015	3/31/2016	Residential	156,336,894	10.282	134,306,494	9.882	(22,030,400)	(0.400)
10/1/2015	3/31/2016	Commercial	54,270,924	9.697	47,945,588	9.336	(6,325,335)	(0.361)

[1] Actual Supply Costs for Winter 2016 are based on initial settlement for some months.
[2] Prior to April 2011, the residential, small general service, and streetlighting rate classes were included in the Small Customer Group. Effective April 1, 2011, the residential rate classes were placed into their own group, and the small general service, medium general service, and streetlighting rate classes were brought together in the Commercial Group.

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PUC 1-2, page 2

The analysis above is for rate expectations approximately one to two months in advance of the January to March rate periods, and four to five months in advance of the October to December periods.[3] Forecasted supply costs are determined by the Full Requirement Service contracts' prices, estimated spot market prices, and forecasted usage. Actual supply costs are determined by the Full Requirement Service contracts' prices, actual spot market prices, and actual usage.

[3] January to March SOS rates historically have been filed in October or November. October to December SOS rates historically have been filed in April or May.

PUC 1-3

Request:

Is there any difference in how the proposed 2017 Standard Offer Supply procurement plan sends a seasonal price signal compare to the 2016 procurement plan?

Response:

Yes, the proposed 2017 SOS Plan will have less of a seasonal price signal for the Residential and Commercial Groups, as compared to the 2016 SOS Plan.

In the development of the 2017 SOS Plan, consistent with least-cost procurement principles, the Company focused on the following objectives, while keeping them in balance:

(1) Mitigate volatility for smaller customers;
(2) Diminish risks associated with wholesale procurement, and the price shock associated with those risks;
(3) Reflect market price signal through seasonal rates, to some extent, for all customer groups; and
(4) Encourage conservation and energy efficiency measures.

As described in the testimony of Margaret M. Janzen, which relied upon conclusions made in the NorthBridge Report, the inclusion of 12-month flat bid blocks provide more rate stability but less seasonal price signal as compared to the 2016 SOS Plan, all else being equal. The 2017 SOS Plan is comprised of six-month bids blocks for 60% of the SOS obligation and 12-month flat bid blocks for the remaining 40%. It is the component of 12-month flat bid blocks that "smooth" out the rates from period to period. On the other hand, the 2016 SOS Plan is comprised of six-month bid blocks for 90% of the SOS obligation and spot market purchases for the remaining 10%.

PUC 1-4

Request:

Is it the Standard Offer Supply procurement plan or the dates when the Public Utilities Commission sets rates that send a seasonal price signal? If it is a combination, please elaborate.

Response:

It is a combination. To clarify, the Company uses the term "seasonal price signal" to describe the difference between relatively higher winter rates and lower summer rates. Since the Residential Group's SOS rate is "fixed" during the six-month rate period, these customers do not experience varying monthly prices. Rather, the only price change these customers experience is the shift from the winter rate period to the summer rate period, and so on. This change from one rate period to another is what the Company refers to in Ms. Janzen's Direct Testimony as the "seasonal price signal."

Seasonal price signal is determined by rate design, the alignment of rate structure with the underlying procurements, and general wholesale market forces. By rate design, the Company means the number of months in a rate period, and the number of winter months in that rate period. The more higher-cost winter months included in a rate period, the higher the SOS rate will be and the larger the price increase will be from the summer rate to the winter rate.

Currently, SOS winter rate periods are defined as October through March, and summer rate periods are defined as April through September. This winter rate period includes the typically highest-cost winter months (December through March). Consequently, the seasonal price signal, or price change, from the winter rate to the summer rate will be greater under this rate design (that includes four winter months) as compared to a winter rate period that include fewer winter months (i.e., January through June (three winter months), August through January (two winter months), etc.).

As described in the Rebuttal Testimony of Margaret M. Janzen, the use of six-month transactions (either shaped or flat) in the procurement plan provides seasonal price signals for a rate structure that consists of six-month rate periods. If the Company altered its current procurement plan and removed six-month transactions and solicited only flat bid transactions for 12-months (or 24-months, 36-months, etc.), the seasonal price signal will be reduced regardless of the six-month rate periods chosen. A 12-month (or multiple of 12-months) flat bid transaction blends the underlying higher-priced winter months with the lower-priced summer months. Each month within that transaction will have the same price, which results in the 'smoothing out' of prices with no difference in rates between the winter period and summer period. Under such a

procurement scenario, the starting date of a rate period would be insignificant to customers since the resulting rates for both winter or summer periods would be the same. The Company did not seek to extinguish all seasonal price signals within its proposed 2017 SOS Plan, and did not propose 12-month flat bid price transactions for 100% of the portfolio; rather, the plan was designed to provide some seasonal price signal to encourage efficient consumption and facilitate conservation. This was accomplished with the inclusion of a certain level of six-month transactions.

Lastly, general wholesale market forces also impact the seasonal price signal. Due to regional natural gas pipeline constraints, the electricity price differences between winter and summer months in recent years have been larger than in prior years. The 2014-15 winter period was the first for Rhode Island SOS to experience the impact of regional gas pipeline constraints that caused high natural gas prices as well as high electricity prices, which were then reflected in higher winter SOS rates, producing a very strong seasonal price signal for SOS customers. Prior to that winter, under non-constrained pipeline conditions, the difference between summer and winter rates were not as large. If future gas pipeline constraints are alleviated, or other market conditions lower winter wholesale electricity prices, the seasonal price signal could diminish as compared to the strong seasonal price signal of recent years in the New England region.

PUC 1-5

Request:

Please compare the impact of the proposed 2017 Standard Offer Supply procurement plan on competitive supply compared to the 2016 Standard Offer Supply procurement plan.

Response:

The proposed 2017 SOS Plan is designed to further reduce retail rate volatility and mitigate seasonal price signals, as compared to the 2016 SOS Plan. Assuming the underlying supply prices are the same, the use of 12-month flat bid transactions for 40% of the SOS obligation would result in lower winter SOS rates in the 2017 SOS plan compared to the 2016 SOS Plan. It should be also noted that the inclusion of 12-month flat bid transactions would result in higher summer SOS rates, as compared to the 2016 SOS Plan.

When shopping for electricity supply, a customer may compare the SOS rate with a Non-regulated Power Producer's (i.e., competitive supplier's) offered rate. Under the 2016 SOS Plan, there was a greater difference between the SOS winter and summer rates, which allowed a competitive supplier to estimate greater savings for the winter period when compared to a higher SOS rate. Conversely, for the summer period, a competitive supplier can estimate greater savings when compared to a higher SOS rate under the 2017 SOS Plan.

PUC 1-6

Request:

On Bates page 26 of the filing, National Grid's witness states that flat bids could equal higher rates than shaped bids, but "on balance, the Company believes the benefit from reducing rate volatility outweighs the potential increase in price and decrease in seasonal price signal." Please quantify the benefit versus the anticipated additional cost.

Response:

The Company is not able to quantify the incremental cost or benefit of flat bids over shaped bids.

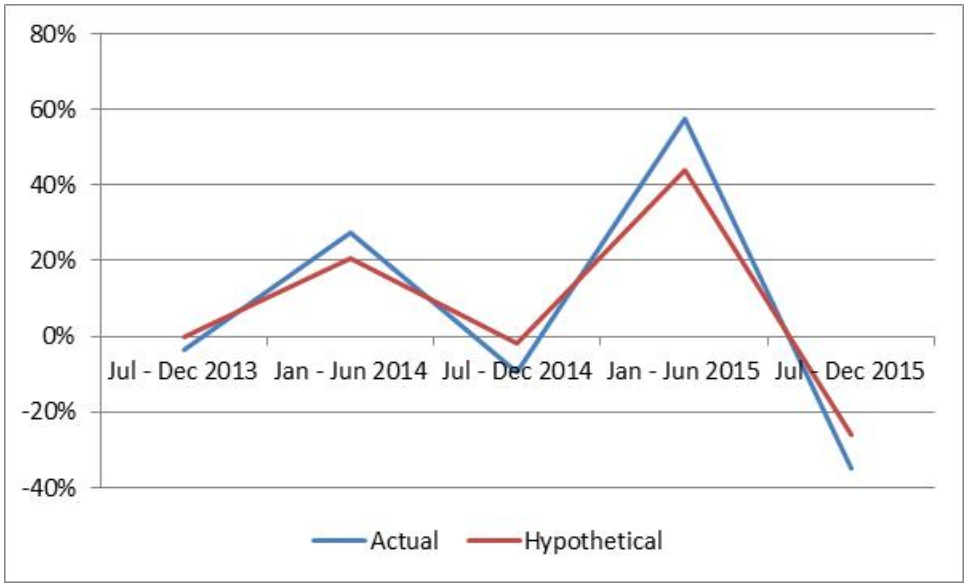
The Company believes the reduced retail rate volatility achieved by the inclusion of 12-month flat bid transactions will benefit SOS customers. However, the Company has a responsibility to its stakeholders to disclose possible consequences of this proposal, even though these consequences may be unlikely or small in cost. The Testimony of Margaret M. Janzen states that 12-month flat bid costs *may* result in higher costs than shaped six-month transactions as a result of increased risk premiums and decreased bidder participation. It is also possible that the costs of 12-month flat bid transactions may be the same as the costs of shaped transactions. As part of its proposal, the Company is disclosing the possibility that a change in transaction type can result in a different overall cost.

While it is difficult to quantify the future benefit of reduced rate volatility, below is a graphical illustration of hypothetical 12-month flat bid transactions executed for 40%[1] of the SOS obligations in the Company's previous procurement plans. The historical percentage change in SOS rates (excluding the Standard Offer Service Administrative Cost Factor and the Standard Offer Adjustment Factor) from one rate period to the next rate period is graphed for the Residential Group.[2] To demonstrate the effect of 12-month flat bid transactions for 40% of the portfolio, the Company calculated 12-month flat bid contracts for procurements made in the first and third quarter of each SOS plan. Each 12-month flat bid contract was calculated by blending the two winning six-month shaped transactions with forecasted load into a flat bid price.

The graph shows that the SOS rates calculated with hypothetical 12-month flat bid contracts change from period to period by smaller percentages than the historical SOS rates. For example, the increase in the January 2015 SOS rates from the prior period would have been 14% lower under the hypothetical portfolio than the actual portfolio, thus reducing rate volatility.

[1] 35% for January – June 2013.
[2] The PUC created a 12-month SOS rate for 2015. This illustration separates this yearly rate into the typical six month rate periods to demonstrate the impact of 12-month flat bid transactions on the portfolio.

PUC 1-6, page 2



Prepared by or under the supervision of: Margaret M. Janzen

Redacted

PUC 1-7

Request:

For each of the procurements for the initial delivery period in 2011 through December 31, 2015, please provide the number of bids received for each class (Industrial, Large Customer Group, Small Customer Group, or Commercial, or Residential), the number of flat bids submitted, and whether a shaped bid or flat bid was chosen.

Response:

The table below shows procurements made between June 17, 2009 (the first procurement for SOS beginning January 2010) and October 7, 2015 (the last procurement of 2015).

The number of bidders contained in the table below is confidential; therefore, the Company is submitting this response subject to a Motion for Protective Treatment. The Company is also providing a redacted version of the response for the public filing.

Redacted
PUC 1-7, page 2

	Large			Small			Industrial			Commercial			Residential		
Final Bid Date	Total Bids	Flat Bids	Winning Type	Total Bids	Flat Bids	Winning Type	Total Bids	Flat Bids	Winning Type	Total Bids	Flat Bids	Winning Type	Total Bids	Flat Bids	Winning Type
10/7/2015									Shaped			Shaped			Shaped
8/12/2015									Shaped			Shaped			Shaped
5/13/2015									Shaped			Shaped			Shaped
2/18/2015									Shaped			Shaped			Shaped
11/12/2014									Shaped			Shaped			Shaped
8/13/2014									Shaped			Shaped			Shaped
5/21/2014									Shaped						
5/14/2014									Shaped			Shaped			Shaped
2/19/2014									Shaped			Shaped			Shaped
11/13/2013												Shaped			Shaped
10/2/2013									Shaped			Shaped			Shaped
8/14/2013									Shaped						
5/8/2013									Shaped			Shaped			Shaped
2/13/2013									Shaped			Shaped			Flat
11/14/2012									Shaped			Shaped			Shaped
8/8/2012									Shaped			Shaped			Shaped
5/9/2012									Shaped			Shaped			Shaped
2/8/2012									Shaped			Shaped			Shaped
11/9/2011									Shaped			Shaped			Shaped
8/10/2011									Shaped			Shaped			Shaped
5/11/2011									Shaped			Shaped			Shaped
2/9/2011									Shaped			Shaped			Shaped
11/10/2010			Shaped									Shaped			Shaped
9/29/2010												Shaped			Shaped
8/18/2010			Shaped												
5/12/2010			Shaped			Shaped									
2/17/2010			Shaped			Shaped									
11/12/2009			Shaped			Shaped									
6/17/2009						Shaped									

PUC 1-8

Request:

In the aggregate, since 2010, how many solicitations were conducted for Standard Offer Service supply, how many bids were received, of these, how many flat bids were received, and how many times were the flat bids chosen. Please also calculate the percentage of flat bids that were lower than the shaped bids.

Response:

# of Solications	Total Bids Received	Flat Bids Received	Flat Bids Selected	Winning Flat Bids of Total
29	787	32	2	0.25%

This summary is for procurements made between June 17, 2009 (the first procurement for SOS beginning January 2010) and October 7, 2015 (the last procurement of 2015).

The 32 flat bids were lower than 86 shaped bids. There were 755 total shaped bids received. Therefore the 32 flat bids were lower than 11.39% of all shaped bids.[1] Of these 32 flat bids, only two were the lowest submitted bids for a particular transaction, thus only two flat bids were selected as winners. For the other 30 flat bids, shaped bids that were submitted for a particular transaction were lower.

[1] 86 shaped bids divided by 755 total shaped bids equals 11.39%.

PUC 1-9

Request:

On Bates page 12, the Company witness states: "[r]emoving spot market purchases from the portfolio will have the benefits of reducing anticipated deferral balances as well as minimizing winter supply cost surprises." Will this change cause any savings to ratepayers? If so, please quantify. If not, please quantify any increased costs associated with this proposal.

Response:

The reductions of deferral balances and winter supply cost surprises provide greater rate stability and enhanced supply cost predictability. These reductions do not translate directly to increased savings or costs to customers.

Since January 2010, at times the inclusion of spot market purchases has contributed either negative or positive impacts on SOS supply costs, and it also has contributed to deferral balances and winter supply cost surprises. Spot market prices can be very volatile. The negative impact to SOS supply costs occur when the spot market costs exceed the Full Requirement Service transaction costs. The positive impact to SOS supply costs occur when the spot market costs are below the Full Requirement Service transaction costs.

New England is expected to remain natural gas pipeline-constrained in the winter for the foreseeable future. Until the regional constraints are resolved, the Company expects continued winter price volatility in the spot wholesale markets due to regional generation's dependence upon natural gas supply. Thus, the Company's recommendation to eliminate the spot component is not a matter of increased customer savings or costs, but rather is based on the benefit of increasing rate stability for customers.

PUC 1-10

Request:

Is it the Company's position that the switch to pricing based on 40% of flat bids will increase retail rate stability more than pricing based on 100% shaped bids? If so, please describe each of the components of the retail rate that will be more stable.

Response:

The Standard Offer Service (SOS) rate is comprised of the aggregate SOS contract price, the SOS Administrative Cost Factors, and the SOS Adjustment Factors.

It is the Company's position that the 2017 SOS Plan, which incorporates 12-month flat transactions for 40% of the obligation, will increase the retail rate stability in the aggregate SOS contract price and the SOS Adjustment Factors as compared to a procurement plan including 100% shaped bids. The SOS Administrative Cost Factors are unaffected.

The Company notes that flat bids for 12-month durations are the main driver of the retail rate stability in the aggregate SOS contract price. The NorthBridge Report concludes that flat pricing for at least 12-month bid blocks will provide greater rate stability than the 2016 SOS Plan which incorporated shaped bids.[1] Flat bids (of either six-month or 12-month durations) increase the retail rate stability in the SOS Adjustment Factors "due to the improved matching of supply prices with the flat six-month customer rates."[2]

[1] NorthBridge Report at 7.
[2] NorthBridge Report at 26.

Prepared by or under the supervision of: Margaret M. Janzen

PUC 1-11

Request:

Referencing page 24 of the Northbridge Group, Inc. report dated January 29, 2016, please explain why "[r]eplacing the shaped supplier pricing with flat pricing over the entire delivery periods of products procured would significantly reduce the potential for rate shock." This question purposely excludes the last clause of Northbridge's statement in order to find out what part of rate shock is not attributable to an accumulation of a deferral balance.

Response:

The term "product" in the NorthBridge Report is synonymous with the term "contract" in the SOS procurement plans. In the approved 2016 SOS Plan, the products or contracts have durations of six-months, 12-months, 18-months, or 24-months. Under the Company's current shaped pricing approach, the delivery period of each solicited product is separated into six-month periods.

The supply associated with a given six-month period within a given product is known as a "segment" or "block," and different bidders can be awarded different segments of the product. For example, the 24-month product is awarded in four segments. While bidders may "shape" their bids by bidding a different $/MWh supply price for each month within a given segment, SOS rates are set at a single rate for the corresponding six months, in which the SOS rate reflects an estimated overall supply cost for that period (plus adjustments such as reconciliations from prior periods). Consequently, every six months, all of the supply segments are replaced with new supply segments, and with new pricing associated with the new supply segments which flow through to customers in the form of rate changes.

In contrast, an approach in which bids for each six-month, 12-month, 18-month, or 24-month supply product are required to be in the form of flat prices over the entire delivery period of the respective product would "smooth out" customer rate changes over time, reducing the potential for rate shock. SOS rates still would change every six months but, since many of the underlying supply products would have delivery periods longer than six months and flat pricing throughout their delivery periods, the price for much of the underlying supply would remain constant from one six-month rate period to the next, providing customers with greater rate stability and a reduced potential for rate shock.

Prepared by or under the supervision of: Margaret M. Janzen

PUC 1-12

Request:

Referencing page 24 of the Northbridge Group, Inc. report dated January 29, 2016, please explain the statements in footnote 1 with examples.

Response:

In order to better understand footnote 1 on page 24 of the report prepared by The NorthBridge Group, Inc. (NorthBridge Report), it is important to first understand the statement to which the footnote refers:

"Replacing the shaped supplier pricing with flat pricing over the entire delivery periods of the products procured would significantly reduce the potential for rate shock and the risks associated with deferral balance accumulation."

This statement addresses the reduced potential for rate shock due to the "smoothing out" of rate changes that customers would experience over time, as described in greater detail in the Company's response to PUC 1-11. Furthermore, this statement refers to the fact that the flat product prices (i.e., cost per kWh) would better match the flat SOS rates charged to customers, thereby reducing the potential for significant accumulated deferral balances. As defined on page 25 of the NorthBridge Report, "Flat Product Term Pricing" is a portfolio comprised of supply products, each of which has a flat price over its entire delivery period. An example corresponding to this statement can be found on page 26 of the NorthBridge Report. As shown, the top decile Rate Shock value decreases by 36.8%, from 57.1% for the "Current Approach" to 20.3% for "FRS w/ Flat Product Term Pricing + 10% Spot." Also, as shown in the example, the top decile Maximum Deferral Account Balance value decreases by $17 million, from $31 million for the "Current Approach" to $14 million for "FRS w/ Flat Product Term Pricing + 10% Spot."

The first statement of footnote 1 reads:

"Alternatively, if the flat pricing is limited to periods of 12 months for each product, risk reductions would be achieved, but to a lesser extent."

This statement addresses the reduced potential for rate shock due to the "smoothing out" of rate changes experienced by customers over time if the price for a given product is allowed to vary in 12-month increments over the product's delivery period (i.e., "Flat 12-Month Pricing," as explained on page 25). An example corresponding to this statement can be found on page 26 of the NorthBridge Report. As shown, the top decile Rate Shock value decreases by 34.0%, from

57.1% for the "Current Approach" to 23.1% for "FRS w/ Flat 12-Month Pricing + 10% Spot." However, this 34.0% reduction is smaller than the 36.8% reduction associated with "FRS w/ Flat Product Term Pricing + 10% Spot." Thus, risk reductions would be achieved, but to a lesser extent. Furthermore, page 31 of the NorthBridge Report provides another example that compares "Flat Product Term Pricing" with "Flat 12-Month Pricing," which also supports the first statement of Footnote 1.

The second statement of footnote 1 reads:

"In contrast, only extending the flat pricing from the current monthly frequency to six-month periods would do little to alleviate rate shock."

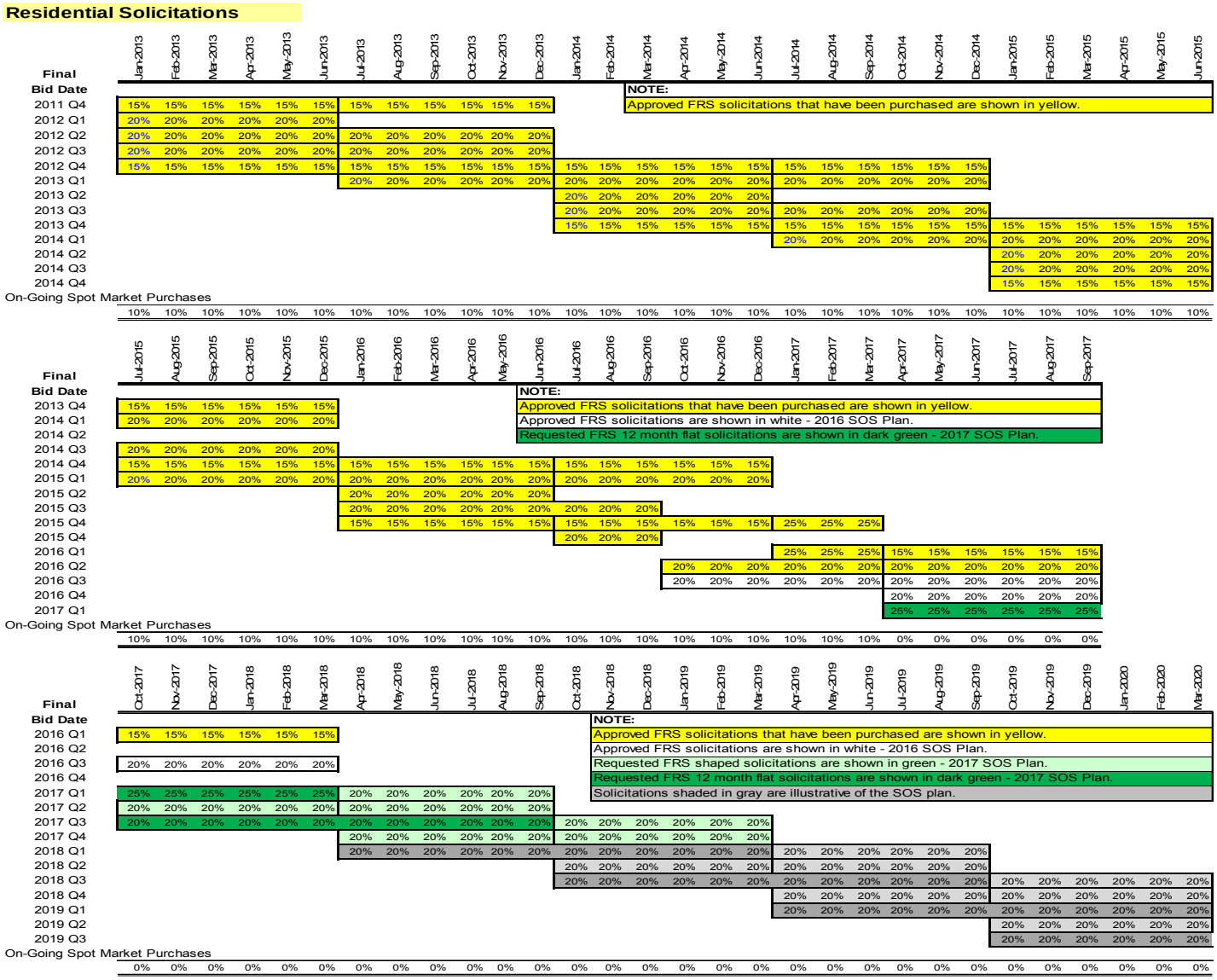
This statement compares the Company's current approach, in which product bid prices are allowed to vary each month (i.e., "Shaped Pricing," as described on page 25), to an approach that is the same except that product bid prices must be the same for each month of the six-month period (i.e., "Flat 6-Month Pricing," as described on page 25) that coincides with the SOS pricing period. In both cases, the SOS rates are set at a fixed level over each six-month pricing period. Because neither case involves fixed supply product prices that extend from one six-month rate period to the next, in both cases the entire supply portfolio is subject to new pricing every time SOS rates (which pass on the cost of the supply portfolio to customers) are reset. Consequently, extending the flat supplier pricing from the current monthly frequency to six-month periods would do little to alleviate rate shock. An example corresponding to this statement can be found on page 26 of the NorthBridge Report. As shown, the top decile Rate Shock value for the "Current Approach" is 57.1%, and the top decile Rate Shock value for "FRS w/ Flat 6-Month Pricing + 10% Spot" is 57.0%, a very similar value. This supports the second statement of footnote 1.

PUC 1-13

Request:

Please provide a chart similar to Schedule 2C showing the current procurement approach with the start date of January 2013 together with an overlay of the proposed approach through 2019.

Response:



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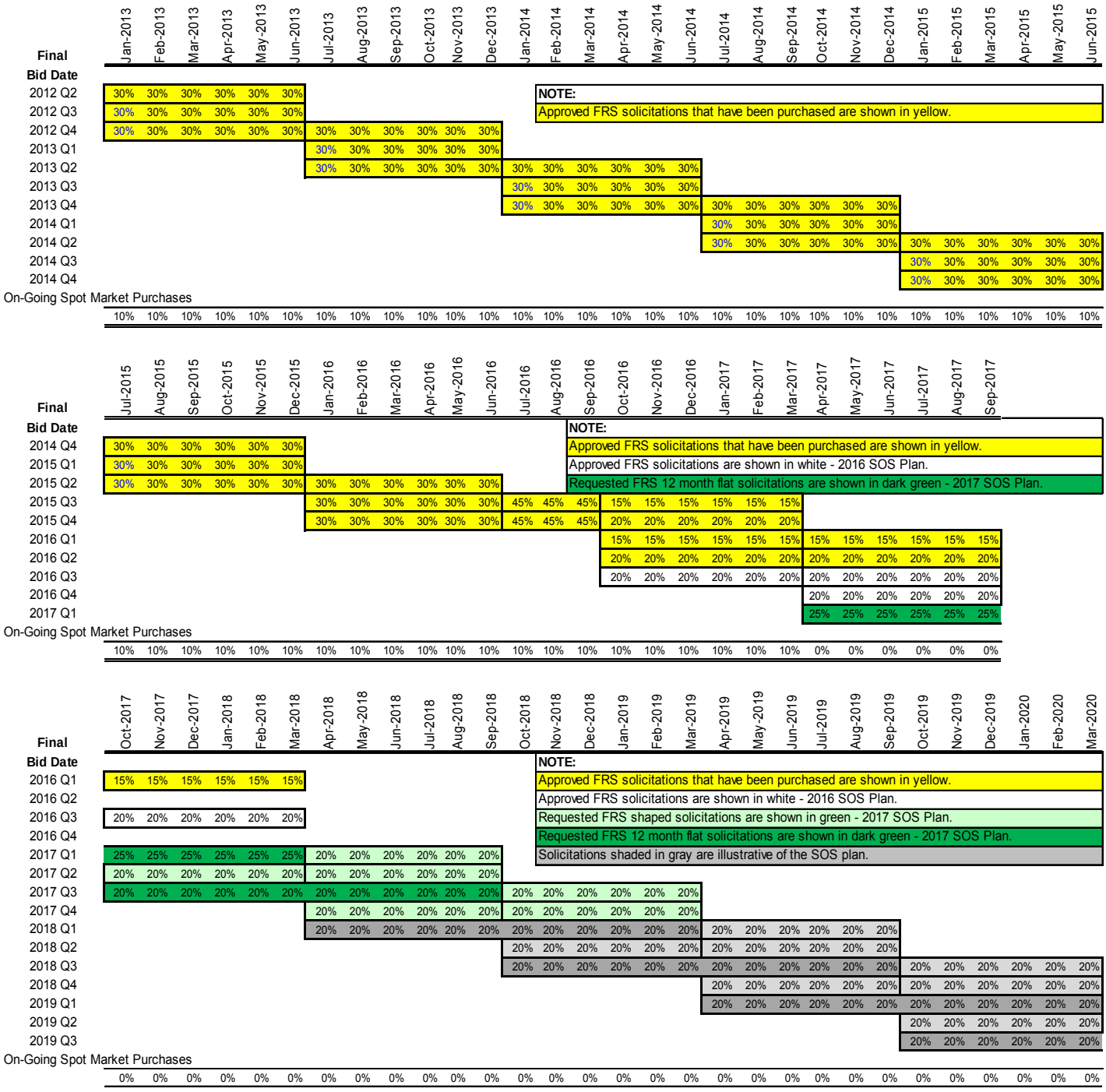
PUC 1-13, page 2

Commercial Solicitations



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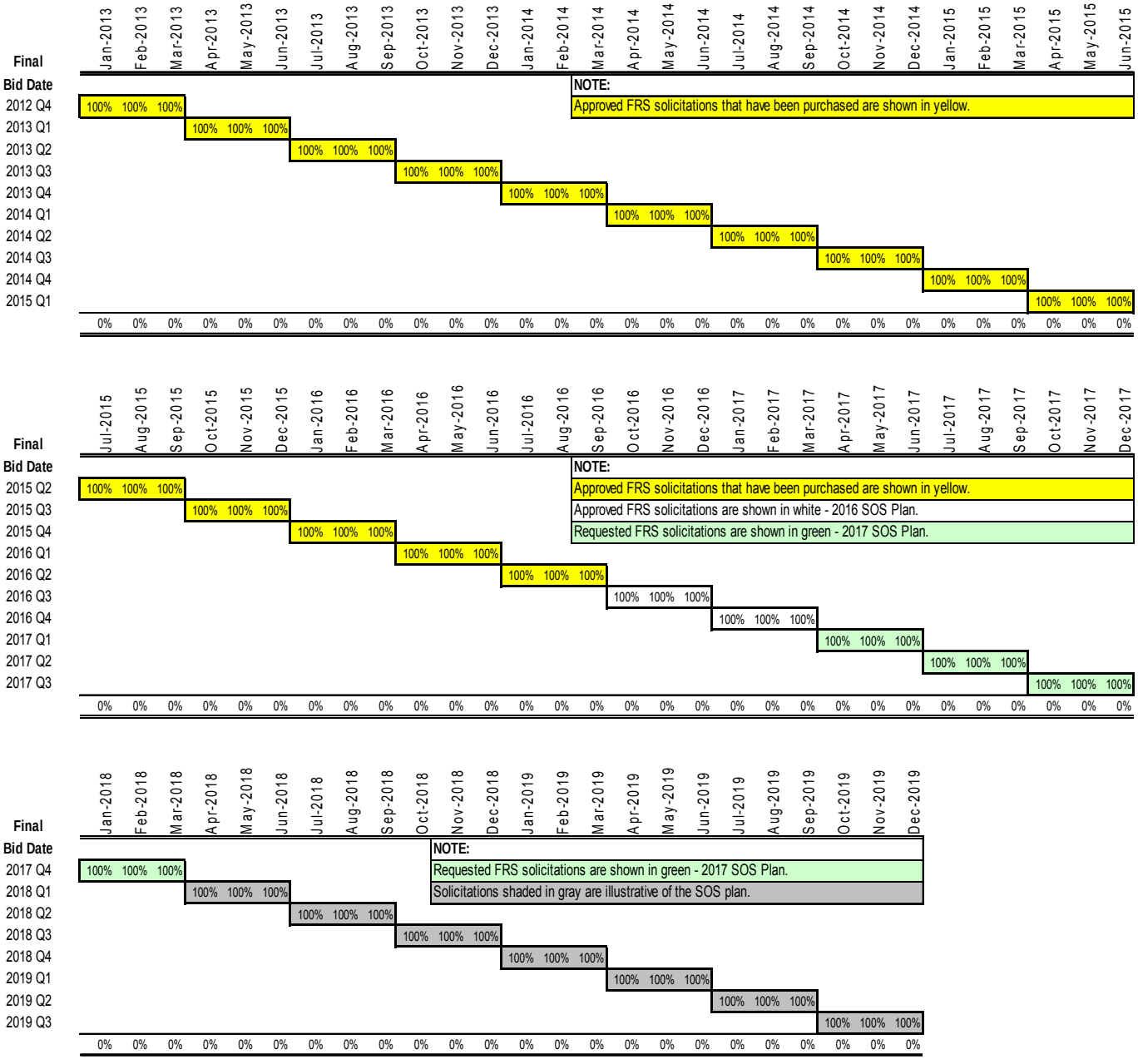
PUC 1-13, page 3

Industrial Solicitations



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