

June 7, 2016

BY HAND DELIVERY AND ELECTRONIC MAIL

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

**RE: Docket 4617 - National Grid Electric Revenue Decoupling Mechanism Reconciliation
Year Ending March 31, 2016
Responses to PUC Data Requests – Set 1**

Dear Ms. Massaro:

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

Thank you for your attention to this transmittal. If you have any questions, please contact me at (781) 907-2121.

Very truly yours,



Raquel J. Webster

Enclosure

cc: Docket 4617 Service List
Leo Wold, Esq.
Steve Scialabba, Division

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

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 7, 2016
Date

Docket No. 4617 - National Grid – 2016 Electric Revenue Decoupling Mechanism (RDM) Reconciliation Filing

Service List updated 6/7/16

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The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 4617
In Re: 2016 Electric Revenue Decoupling Mechanism Reconciliation Filing
Responses to Commission's First Set of Data Requests
Issued on May 17, 2016

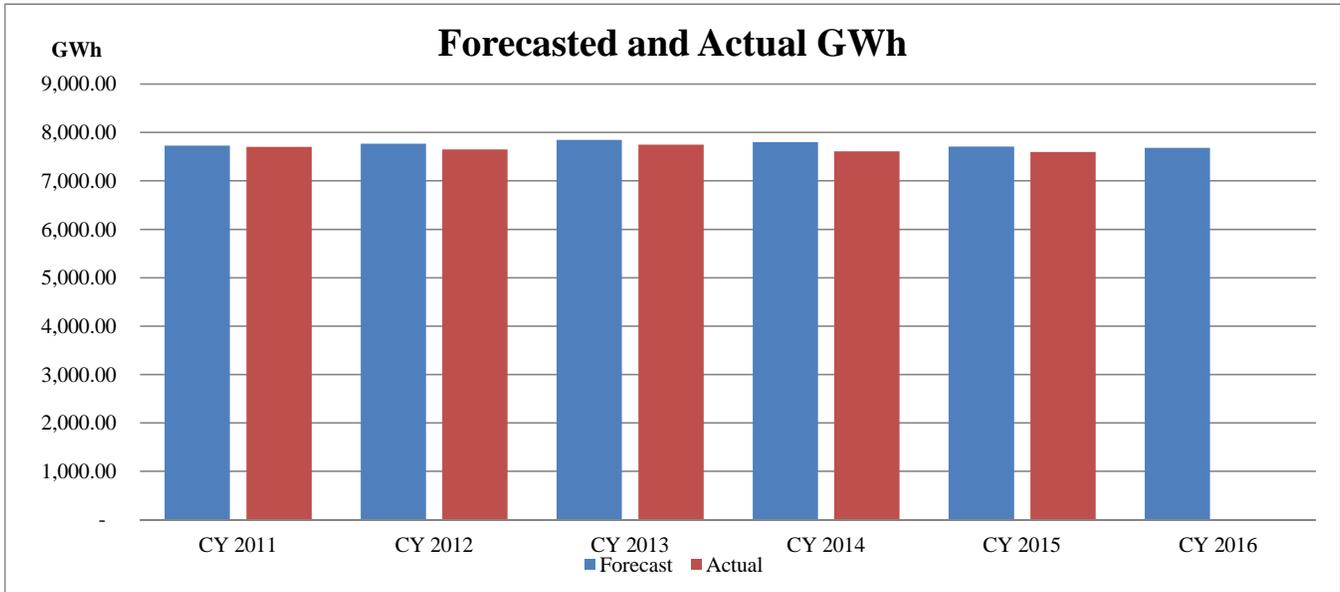
COMM 1-1

Request:

Provide a chart showing a comparison of actual versus forecasted kWh sales for years 2011 through 2016.

Response:

Please see Attachment COMM-1-1 for a comparison of actual versus forecasted kWh sales for the years 2011 through 2016.



	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015	CY 2016
Forecast	7,731.37	7,775.06	7,853.90	7,804.93	7,710.86	7,687.37
Actual	7,707.54	7,655.57	7,751.97	7,613.89	7,600.20	n/a
Change - Above / (Below) Forecast	(23.83)	(119.49)	(101.93)	(191.04)	(110.67)	
% Change	-0.3%	-1.5%	-1.3%	-2.4%	-1.4%	

COMM 1-2

Request:

Are the Company's forecasted kWh deliveries of 7,623,573,886 for the period July 1, 2016 through June 30, 2017, shown on REP-1, based solely on the rate design approved in Docket 4323? If the answer is 'no,' please provide all reports, forecasts and analyses, both internal and external, supporting the Company's forecasted deliveries.

Response:

The forecasted kWh deliveries for the period July 1, 2016 through June 30, 2017 reflected in Schedule REP-1 are not based on any information from the Company's last rate case in Docket 4323. Instead, the forecasted kWh deliveries for the period July 1, 2016 through June 30, 2017 are based on the Company's most recent annual kWh sales forecast pursuant to the Revenue Decoupling Mechanism (RDM) Provision, R.I.P.U.C. No. 2073.

The Company's forecast is developed using econometric models that relate monthly billed kWh by revenue class (e.g., residential, commercial, industrial) to weather, economic variables, and other exogeneous variables affecting the demand for electricity. The Company then uses historical percentages to allocate those forecasted kWh by revenue class to rate classes (e.g., A-16, A-60, C-06, etc.). The econometric model predicts future kWh deliveries based on the assumption of normal weather and on forecasts of various Rhode Island economic variables provided by Moody's Analytics. For the forecast period, the models assume normal weather as defined by the most recent 10-year historical average.

Please see Attachment COMM 1-2 for the relevant page and months from the Company's most recent forecast. The forecast itself is done in SAS, with the output to Excel.

National Grid Electric Distribution

Narragansett Electric

FY 2016 - FY 2021 Forecast

GWH Deliveries and Customer Counts

Revenue & Rate Class

Customer Organization

Electric Forecasting & Analysis

Fall 2015

Rev 0, 09/18/2015

MONTHLY (Historicals: Actuals; Projections: Weather-Normal)														
After Energy Efficiency Reduction														
GWH														
Year	Month	A16	A60	B32	B62	C06	C08	G02	G32	G62	SL	X01	OTHER	TOTAL
2016	7	267.98	30.43	1.39	-	53.60	0.30	122.78	191.18	35.06	4.04	2.00	-	708.76
2016	8	296.28	32.77	1.77	-	58.04	0.30	126.99	189.03	51.01	4.54	1.95	-	762.68
2016	9	261.80	30.06	0.78	-	57.08	0.29	124.57	190.83	44.24	5.28	1.97	-	716.90
2016	10	197.64	22.62	1.41	-	46.37	0.29	105.64	171.14	48.06	5.65	2.15	-	600.96
2016	11	187.30	22.34	1.54	-	42.88	0.29	103.66	161.17	43.26	5.98	1.97	-	570.38
2016	12	224.42	26.99	0.92	-	47.12	0.28	102.94	162.79	39.98	7.06	2.07	-	614.58
2017	1	251.97	30.08	0.58	-	49.80	0.29	99.85	157.29	43.10	7.51	1.81	-	642.28
2017	2	250.80	30.58	0.47	-	55.75	0.29	105.92	171.97	39.68	6.24	1.81	-	663.51
2017	3	229.62	28.80	0.49	-	53.08	0.29	102.69	161.00	40.13	5.64	1.72	-	623.45
2017	4	201.81	26.85	0.60	-	46.89	0.29	99.37	158.88	44.88	4.91	1.76	-	586.24
2017	5	177.09	22.64	0.88	-	43.36	0.30	96.34	159.60	38.96	4.77	2.06	-	546.00
2017	6	190.11	23.15	1.66	-	47.08	0.30	108.55	173.92	37.08	3.86	2.11	-	587.82

7,623.57

COMM 1-3

Request:

Robin E. Pieri, page 8-9 (Table 1).

- A) Explain in plain English the meaning of the entire section labeled "Components."
- B) Explain the meaning of the rows labeled Rate Year Forecast Variance and Underlying Growth.
- C) Are the deliveries on line 16 (Page 8 of Robin Pieri) supposed to match the deliveries on page 3, line 14 of REP-1? If yes, please explain the variance.

Response:

- A) The purpose of the section labeled "Components" on pages 8-9 is to identify the causes for the difference between the actual kWh deliveries for the RDM Year (RDM Year Actual) on line 15 of page 8 of Ms. Pieri's pre-filed testimony and the forecasted kWh deliveries from the Company's last general rate case in Docket 4323 (Rate Year Forecast) on line 16 of page 8 of Ms. Pieri's pre-filed testimony, which are the units upon which, in part, the Company's currently effective base distribution rates are based. For example, as indicated on line 21 of page 8 of Ms. Pieri's pre-filed testimony, the Company estimates that 5.3% of the decrease in kWh deliveries between Rate Year kWh deliveries and RDM Year Actual kWh deliveries was due to the cumulative impact on energy efficiency measures installed by customers since 2011, which is when the Company prepared the forecast filed in Docket 4323.
- B) Rate Year Forecast Variance represents the variance due solely to the forecast (i.e., forecast variance). It is measured as the difference between the rate year forecasted kWh deliveries for the 12-month period ending January 2014 in Docket 4323 and upon which the current base distribution rates are based, and the actual kWh deliveries for the same 12-month period. Over the course of any year, actual data is accumulated, which can then be compared to the forecast. Actual data is typically different than the forecast. Line 23 on page 8 of Ms. Pieri's pre-filed testimony indicates that the actual kWh deliveries for the 12-month period ending January 2014 were 0.7% lower than the forecasted kWh deliveries for this period.

Underlying Growth shown on line 1 of page 9 of Ms. Pieri's pre-filed testimony is the change in kWh deliveries due to growth (or decline) of the customer class's kWh load as a whole. For example, in the the industrial customer class, negative underlying growth reflects the continued decline of manufacturing activity in Rhode Island as is evident from the closing of several manufacturing plants throughout the RDM year. Please see

COMM 1-3, page 2

the Company's response to COMM 1-4 for more information on this aspect of the kWh decline. This downturn in the manufacturing environment in Rhode Island and the subsequent plant closings lead to an approximate 10.3% decline in the kWh deliveries for the industrial class during this RDM year as compared to the rate year forecast.

- C) The kWh deliveries on line 16 of page 8 of Ms. Pieri's pre-filed testimony and the kWh deliveries on page 3, line 14 of Schedule REP-1 represent forecasted kWh for the same time period (the rate year ended January 2014). However, the kWh deliveries on line 16 of Page 8 of the pre-filed testimony was taken from the original forecast submitted in Docket 4323 in Schedule APM-1, page 1, while the forecasted kWh deliveries shown on page 3, line 14 of Schedule REP-1 was taken from the Company's Docket 4323 Compliance Attachment 3D (Schedule JAL-4), page 13. The forecasted kWh deliveries shown on page 3, line 14 of Schedule REP-1 represent the Company's adjusted forecast reflecting then-actual streetlighting inventory in the forecast of kWh deliveries used in the final rate design in that proceeding.

COMM 1-4

Request:

Robin E. Pieri, page 8. Please identify the 5 plant closings.

Response:

The Company would like to clarify the testimony on page 8 of Robin E. Pieri's testimony because there were four plant closings and not five. The four plant closings are: (1) Osram Sylvania (Central Falls); (2) GTECH (Coventry); (3) Honeywell (Cranston); and (4) Waukesha Bearings (West Greenwich).

COMM 1-5

Request:

- a) What is the time period (including months and years) for the 2015 service quality performance results shown in REP-3?
- b) It is understood that the service quality penalty is calculated based on reliability and customer service standards established in the 2015 Service Quality Plan. That said, does the Company have an opinion as to the reason(s) why it incurred a service quality penalty during this time period? If yes, please identify the reason(s).

Response:

- a) The 2015 service quality performance results shown in Schedule REP-3 are from calendar year 2015. Schedule REP-3 is a copy of Section 2 of the Company's May 2, 2016 report on its performance during calendar year 2015, submitted in Docket 3628.
- b) The penalty incurred by the Company associated with its 2015 performance was the result of not meeting the Customer Contact Survey metric under the 2007 Service Quality Plan (Plan). As reported in the Company's May 2, 2016 2015 Electric Service Quality Report, the Customer Contact Survey results were less than 74.5%, which resulted in the maximum penalty of \$184,000 for that metric. The Company did not report any corresponding offsets for the reliability performance standards in calendar year 2015, resulting in a net penalty balance of \$184,000, as reflected in the May 2 report. The Plan requires that the Company credit any net penalty balance reflected in the Company's annual report to customers in a manner determined by the PUC at that time. The Company has historically credited service quality penalties to customers through the RDM mechanism. On January 8, 2016, the Company proposed to amend the Customer Contact Survey performance standard, which the PUC approved at its April 29, 2016 Open Meeting. Beginning in 2016, the Company's performance in the area of customer satisfaction will be measured through the new Customer Contact Survey under the 2015 Amended Service Quality Plan approved by the PUC.