

DIVISION OF PUBLIC UTILITIES AND CARRIERS

MEMORANDUM

TO: LULY MASSARO
CLERK, PUC

DATE: 09/30/16

FROM: STEPHEN SCIALABBA
DPUC

SUBJECT: DOCKET 4634, NATIONAL GRID DISTRIBUTION ADJUSTMENT CLAUSE FILING FOR EFFECT NOVEMBER 1, 2016 (PAF AND ESM)

On August 1, 2016, National Grid submitted its Distribution Adjustment Clause filing to the Public Utilities Commission for effect November 1, 2016, in accordance with the Company's gas Tariff, RIPUC NG No. 101, Section 3, Schedule A. The Distribution Adjustment Clause includes the Pension Adjustment Factor (PAF) and the Earnings Sharing Mechanism ("ESM") factor. The Company did not include a computation of the ESM factor in its August 1 filing. The Company's filing of August 1, 2016 was supplemented by a filing on September 1, 2016, which corrected an erroneous treatment of carrying charges on under-funding of the Pension obligation in the August 1, 2016 filing and included a calculation of the ESM factor.

The Division has been assisted in the review of the pension adjustment factor and earnings calculation by David Effron of Berkshire Consulting. On August 23, 2016, the Division submitted data requests to National Grid seeking additional information, documentation, and clarification relative to the PAF filing. On September 13, 2016, National Grid provided responses to the Division's requests. Based on its review of the Company's filings and the responses to associated data requests, the Division has no recommended adjustments to the Company's gas PAF and recommends its approval for effect November 1, 2016 as part of the DAC.

National Grid calculated an ESM factor of zero in its filing of September 1, 2016. On September 8, 2016, the Division submitted data requests to National Grid seeking additional information, documentation, and clarification relative to the ESM. The Company submitted responses on September 22, though electronic responses were not received until September 29. At this time, the Division has not completed its analysis of the Company's responses to the ESM data requests. The Division will present its conclusions on the Company's calculations of the ESM factor when its analysis, including the resolution of any follow-up questions to the Company's responses to the September 8 data requests, is complete.