

September 15, 2017

VIA HAND DELIVERY & ELECTRONIC MAIL

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

**RE: Docket 4651 - Arrearage Management Program Provision
RIPUC No. 2130 and RIPUC NG-GAS No. 101
Response to PUC Data Requests – Set 4**

Dear Ms. Massaro:

Enclosed please find 10 copies of National Grid's¹ response to the fourth set of data requests issued by the Public Utilities Commission (PUC) in the above-referenced matter.

Thank you for your attention to this matter. If you have any questions, please contact me at 401-784-7415.

Very truly yours,



Robert J. Humm

Enclosures

cc: Docket 4651 Service List
Leo Wold, Esq.
Steve Scialabba, Division

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

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

March 20, 2017

Date

**Docket No. 4651 - National Grid – Arrearage Management Program
Service List updated 2/27/17**

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PUC 4-1

Request:

Is National Grid offering the Arrearage Management Plan (AMP) to customers who are enrolled with a nonregulated power producer? If not, why not?

Response:

Some, but not all, customers¹ who are enrolled with a nonregulated power producer (NPP) are able to enroll in the Arrearage Management Program (AMP). Namely, customers who have a NPP and receive separate bills for delivery services charges and electric supply charges are able to enroll in the AMP.

At this time, National Grid is not able to enroll in the AMP customers who are enrolled with a NPP and receive a single monthly bill for delivery service and electric supply charges. There are several reasons for this.

First, the statute that created the AMP, R.I. Gen. Laws § 39-2-1(d)(2) (the Statute), and National Grid's AMP tariff, RIPUC No. 2171, provide that any amounts forgiven under the AMP shall remain forgiven and be fully written off by National Grid, whether or not the customer successfully completes the AMP. However, National Grid has no right to forgive and write off debts that customers owe to another entity. In other words, National Grid cannot forgive and write off a customer's arrearage owed to a NPP. Absent NPPs' agreement to participate in the AMP and have their charges subject to forgiveness and write off pursuant to the AMP – along with the absence of rules defining the treatment of the forgiveness and write off of amounts due to NPPs and the rights and responsibilities of all parties involved in such a transaction, including the recovery of forgiven and written off amounts by either National Grid or the NPP – NPPs would expect some form of payment from National Grid or the customer on any amounts they did not consent to forgive and write off.

Along the same lines, the Statute and the AMP tariff provide that any amounts forgiven under the AMP are either (1) fully recovered by National Grid through the annual reconciling mechanism, if the customer defaults under the AMP; or (2) recovered through the bad debt test set forth in the Statute and the AMP tariff, if the customer successfully completes the AMP. However, National Grid has no right to recover arrearages forgiven by another party. Thus, National Grid cannot recover, either for itself or on behalf of a NPP, NPP arrearages forgiven

¹ Please note that the Public Utilities Commission's (PUC) Fourth Set of Data Requests applies only to electric residential customers.

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under the AMP. Indeed, the bad debt test described above is dependent upon the bad debt allowance reflected in various National Grid rates, and these allowances are based upon only National Grid charges to its customers, including the bad debt allowance in Standard Offer Service rates. The bad debt test does not contemplate any uncollectible amounts associated with NPP charges.

Next, the Statute and the AMP tariff require National Grid to place participants on a payment plan, review participants' bills every three months, and adjust the participants' payments under the AMP's payment plan provision when necessary. However, National Grid has no right to change the amount a customer owes, in cash, to a NPP from month to month under balanced billing.

The Statute also provides certain relief under the PUC's Rules and Regulations Governing the Termination of Residential Electric, Gas, and Water Utility Service, which apply to electric and gas utilities, but do not apply to NPPs.

In addition, the payment posting process applied through National Grid's Terms and Conditions for Distribution Service, R.I.P.U.C. No. 2130 (Terms and Conditions), effectively precludes customers who have a NPP from enrolling in the AMP, as only National Grid charges are covered by an AMP plan, as discussed above. Under the Terms and Conditions, "[p]ayments made through the Company for electricity purchased from a nonregulated power supplier will be applied first to any Narragansett charges or arrearages." As a result, there can be a period of time where a NPP receives no payments, as National Grid charges are satisfied first. This occurred during the arrearage forgiveness program implemented prior to the AMP, where NPP charges accrued while National Grid charges were satisfied, causing customers to default with their NPPs.

For all of the foregoing reasons, National Grid cannot enroll in the AMP customers who have a NPP and receive a single bill for delivery service and electric supply.

PUC 4-2

Request:

If National Grid is not offering the AMP to customer enrolled with a nonregulated power producer, please point to the language of the tariff authorizing such exclusion.

Response:

As indicated in the response to PUC 4-1, customers who receive a separate bill for their electric supply purchased from a nonregulated power producer (NPP) are eligible to apply for the Arrearage Management Program (AMP) as long as they meet the eligibility requirements of the AMP.

While there is no explicit exclusion from the AMP of customers with NPPs who receive a single electric bill, reading the following excerpts from National Grid's tariffs and the statute, R.I. Gen. Laws § 39-2-1(d) (the Statute), indicates that the AMP would be applicable only to customers receiving Standard Offer Service (emphasis added):

Terms and Conditions for Distribution Service, R.I.P.U.C. No. 2130:

Sheet 4, Paragraph 13: Payments made through the Company for electricity purchased from a nonregulated power supplier will be applied first to any Narragansett charges or arrearages.

AMP Tariff, R.I.P.U.C. No. 2171:

Section IV: With each payment under the Payment Plan, a portion of the participant's outstanding past due account balance as described above is forgiven in an amount equal to the total past due account balance or \$1,500, whichever is less, divided by 12.

Section V: The Company shall review the Payment Plans of active AMP participants every three months and may adjust the installment payments based on the following: . . . There is a significant change in the Company's rates from what was anticipated at enrollment.

Section XII.i: If a customer does not satisfy the conditions of R.I. Gen. Laws § 39-2-1(d)(2), the amount of arrearage forgiven by the Company to that point shall

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remain forgiven and be written off by the Company. However, the amount of arrearage forgiven by the Company is recoverable in full.

Section XII.ii: If a customer does satisfy the conditions of R.I. Gen. Laws § 39-2-1(d)(2), all arrearage amounts forgiven will be treated as bad debt. At the end of each calendar year, the Company will perform a test to determine if the amount of bad debt for the year exceeds the adjusted allowable bad debt from the Company's most recent general rate case. This adjusted allowable bad debt will be calculated using the distribution uncollectible amount determined in the last general rate case, updated for the current calendar year Standard Offer Service, transmission, and energy efficiency-related bad debt. Should the actual amount of bad debt incurred by the Company for the year exceed this adjusted allowable bad debt amount, the Company will be entitled to recover, in the following year, all amounts of arrearage forgiven under R.I. Gen. Laws § 39-2-1(d)(2)(xiv) in the prior year in excess of the allowable bad debt. If, however, the amount of the arrearage forgiven under § 39-2-1(d)(2)(xiv) in excess of the adjusted allowable bad debt for a given year is not significant enough to calculate an annual reconciling factor for that year, the Company may reflect such amount in its next Revenue Decoupling Mechanism reconciliation filing.

Terms and Conditions for Nonregulated Power Producers, R.I.P.U.C. No. 1191:

Sheets 1-2, Paragraph 1.2: Narragansett will: . . .

- submit bills for local distribution services and generation services of the Customer's Supplier, unless the Customer requests separate billing of generation service from the Supplier,
- for Customers who receive one bill for both distribution and generation service, collect and forward payments for generation service to Suppliers, according to established cash posting practices.

Sheet 5, Paragraph 2.1: The Company shall issue a single bill for electric service to all Customers in its service territory; provided, however, that Customers of Suppliers may request the Supplier to provide a separate bill for generation service provided by the Supplier.

Sheet 6, Paragraph 2.1.1: While standard collection notices may be printed on Customer bills, the Supplier is responsible for collection of past due accounts for the Supplier's portion of Customers' bills.

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In addition to National Grid's tariffs, the statute, read in totality, indicates that it applies only to electric and gas utilities, as set forth in the following sections (emphasis added):

R.I. Gen. Laws § 39-2-1(d)(2)(vi): The customer agrees to make at least twelve (12) monthly payments in an amount determined by the utility and based on the customer's average monthly usage of the previous year, and the customer's actual or anticipated fuel assistance, if known. The electric- and/or gas-utility company shall review the payment plan every three (3) months and may adjust said plan based on the following: . . . significant changes in the company's costs or rates from the time of anticipated enrollment.

R.I. Gen. Laws § 39-2-1(d)(2)(vii): With each payment, a portion of the customer's outstanding account balance shall be forgiven in an amount equal to the total past-due balance divided by the number of months in the customer agreement.

R.I. Gen. Laws § 39-2-1(d)(2)(viii): Up to one thousand five hundred dollars (\$1,500) shall be forgiven in a twelve-month (12) period.

R.I. Gen. Laws § 39-2-1(d)(2)(x): Failure to comply with the payment plan provisions set forth in this subsection shall be grounds for the customer to be removed from the repayment program established by this subsection and the balance due on the unpaid balance shall be due and payable in full, in accordance with the rules of the commission governing the termination of residential electric-, gas-, and water-utility service, provided that any arrearage already forgiven under subsection (d)(2)(ii) (sic) of this section shall remain forgiven and be written off by the utility. The amount of the arrearage, so forgiven, shall be recovered by the electric and/or gas company through an annual reconciling factor approved by the commission.

R.I. Gen. Laws § 39-2-1(d)(2)(xii): Each public utility that provides gas or electric service to residential ratepayers shall file tariffs implementing the requirements of this section

R.I. Gen. Laws § 39-2-1(d)(2)(xiv): A customer, who completes the schedule of payments pursuant to this subsection, shall have the balance of any arrearage forgiven, and the customer's obligation to the gas and/or electric company for such unpaid balance shall be deemed to be fully satisfied. The amount of the

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arrearage, so forgiven, shall be treated as bad debt for purposes of cost recovery by the gas or electric company up to the amount allowed in the gas and/or electric company's most recent general rate filing. In the event the gas or electric company's bad debt for a calendar year exceeds the amount allowed in the most recent general-rate filing for the same period, the gas or electric company shall be entitled to recovery of those write-offs that were the result of the arrearage forgiveness plan set forth in this section.

R.I. Gen. Laws § 39-2-1(d)(3): A customer terminated from service under the provisions of subdivision (d)(1) or (d)(2) shall be eligible for restoration of service in accordance with the applicable provisions of part V section 4(E)(1)(C), or its successor provision, of the public utilities commission rules and regulations governing the termination of residential electric, gas, and water service.

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PUC 4-3

Request:

Is National Grid offering budget billing to customers enrolled with a nonregulated power producer?

Response:

Yes. For customers enrolled with a nonregulated power producer (NPP) and where National Grid's bill includes the NPP's charges, National Grid offers budget billing for the delivery services portion of a customer's bill. NPP charges are excluded from budget billing. As a result, budget billing is available to customers enrolled with a NPP, but only for National Grid's delivery service charges.

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PUC 4-4

Request:

Please explain how partial payments are applied to customer accounts where the customer is enrolled in competitive supply.

Response:

Partial payments are applied in the manner set forth in National Grid's Terms and Conditions for Distribution Service, R.I.P.U.C. No. 2130: "Payments made through the Company for electricity purchased from a nonregulated power supplier will be applied first to any Narragansett charges or arrearages." Thus, payments made through National Grid by customers who purchase electricity from a nonregulated power producer (NPP), and whose National Grid bill includes the NPP's charges for that purchased electricity, are first applied to any National Grid arrearages, then to any NPP arrearages, then to National Grid current charges, and lastly to NPP current charges.