

**Division of Public Utilities and Carriers
National Grid 2017 Base Rate Case
Docket No. 4770
Division's Forty-Third Set of Data Requests
To National Grid
Regarding Gas Costs of Service and Rates**

Instruction: Each request for workpapers should be understood to include a request for all electronic spreadsheet files with all cell formulas and cell references in tact.

Div 43-1. Re: the Rebuttal Testimony of Witness Little at page 18, line 21, through page 19, line 1, please:

- a. Using the cost detail shown in Attachment DIV 40-1 document the components of the test year costs that the Company would seek to recover through the GCR that would be classified for the purpose of the GCR as:
 1. Variable cost components
 2. Fixed cost components
- b. Explain why the \$115,500 amounts for Union O&M Overtime Wages shown on line 4 and line 23 of Attachment DIV 40-1 should not be considered duplicative.
- c. Explain why the \$20,249 amounts for Union O&M Variable Pay shown on line 3 and line 22 of Attachment DIV 40-1 should not be considered duplicative.
- d. Explain why the \$4,254 amounts for Non-Union O&M Variable Pay shown on line 3 and line 22 of Attachment DIV 40-1 should not be considered duplicative.
- e. Detail the activities that caused the Company to incur the referenced \$115,500 amounts for Union O&M Overtime Wages.

Div 43-2. Re: the Rebuttal Testimony of Witness Normand, page 3, lines 10 to 18, please:

- a. Verify that for the purpose of determining the overall revenue requirement for Narragansett Gas, the Company's required return is a function of its rate base investment.

- b. Verify that for the purpose of determining the overall revenue requirement for Narragansett Gas, the Company's income tax liability is a function of its required equity return and that overall for Narragansett Gas the Company's revenues must be sufficient to provide its required equity return after all expenses, including income taxes and interest on debt are paid.

Div 43-3. Re: the Rebuttal Testimony of Witness Normand, page 3, line 22, through page 4, line 4. Witness Normand asserts that rate classes with negative rates of return "do, in fact, produce a tax benefit" for Narragansett Gas. Please:

- a. Verify that the "benefit" that classes with negative rates of return allegedly provide is depended upon other classes providing positive rate of return and positive contributions to taxable income.
- b. Verify that, if all classes provided negative rates of return, Narragansett Gas would not be able to earn its authorized overall rate or return.
- c. Verify that, if Narragansett Gas earns its authorized return on equity, it receives no "benefit" from a class of service having negative taxable income. Rather, negative taxable income for a class of service must be offset by extracting greater than system average returns from other classes if the Company's authorized return on equity is to be achieved.
- d. Verify that the only beneficiaries of a class providing a less than system average return are the members of the class for which a less than system average rate of return is produced.

Div 43-4. Re: the Rebuttal Testimony of Witness Normand, page 4, lines 4-6, please provide the witness's understanding of how implementation of rates that allow for a negative rate of return from a class of service is consistent with cost-based ratemaking concepts.

Div 43-5. Re: the Rebuttal Testimony of Witness Normand, page 6, lines 15-16, please verify that costs presented in Schedule PMN-3 indicate that over 40% of the Company's claimed customer-related expenses reflective of Administrative and General Expenses.

Div 43-6. Re: the Rebuttal Testimony of Witness Normand, page 5, lines 15-16, asserts that "Economic efficiency can be achieved only if prices are set equal to costs." Please:

- a. Identify the measures of usage and/or costs upon which the witness relies to assess changes in economic efficiency that result from the relative magnitudes of the charges that Narragansett Gas applies to each rate class.

- b. Verify that the Company's customer charge is the least price-elastic component of Narragansett Gas' charges for service;
- c. Explain how economic efficiency is fostered by increasing customer charges;
- d. In the Company's determination of its proposed charges for gas distribution service, what weight was given to encourage the reduced use of natural gas.

Div 43-7. Re: the Rebuttal Testimony of Witness Normand, page 7, lines 15-16, please identify each gas utility upon which Witness Normand relies as the basis for his "experience," and for each utility identified indicate the jurisdiction and time period for which ACOSS analyses were reviewed.

Div 43-8. Re: the Rebuttal Testimony of Witness Normand, page 8, lines 5-8, please:

- a. Verify that the cited Commission determination in Docket No. 3943 was rendered in the absence of a cost of service study that directly assessed the Company's costs of serving non-firm customers;
- b. Verify that at the time Docket No. 3943 was litigated, the Company did not have fixed rates for non-firm gas delivery services, rather at that time the Company priced such services on the basis of each non-firm customer's alternative fuel costs.

Div 43-9. Re: the Rebuttal Testimony of Witness Normand, page 8, lines 16-20, please verify that reflection of costs and revenues for the Company's Non-Firm customers in an ACOSS has essentially the same impact on the costs of service for other classes as the allocation of "margins from Non-Firm customers" shown in Schedule PMN-3, however, without including Non-Firm customers in the Company's ACOSS no direct assessment of the Company's costs of serving Non-Firm customers is provided.

Div 43-10. Re: Schedule PMN-3R, page 1 of 1, please explain why it is appropriate for any of the formulas in a cost of service model presented for public review to be "hidden."

Div 43-11. Re: the Rebuttal Testimony of Witnesses Leary and McCabe at pages 16-17, please:

- a. Clarify whether existing Non-Firm Sales and Transportation service customers would be subjected to requirements for up-front payment of costs for IP Wireless Devices.

- b. Explain how the costs of IP Wireless Devices would be recovered from existing:
 - 1. FT-1 customers
 - 2. Non-Firm Sales Service customers
 - 3. Non-Firm Transportation Service customer