Docket No. 4770
Twenty-Fourth Set of Data Requests of the
Division of Public Utilities and Carriers to National Grid
February 16, 2018

<u>Power Sector Transformation</u>

24-1. Referring to the responses to DIV 8-58 and DIV 8-59, DIV 8-59 states, in part: "Therefore, a mechanism outside of base distribution rates must be established to enable proposed PST initiatives. Examples exist whereby commissions in National Grid's other jurisdictions have structured various mechanisms to accomplish cost recovery;" and DIV 8-58 states, in part: "[I]t is not feasible, practical, or desirable to try to structure cost recovery so as to flow through base distribution rates or another established mechanism."

a. The Company uses the definitive phrase "must be established" and refers to recovery occurring through base rates as "not feasible." Is this stated for emphasis because it is important, preferable, and/or desirable to the Company, or does the Company believe that it actually is impossible as a practical matter to advance the PST initiatives unless costs are recovered outside of base distribution rates? If impossible as a practical matter, please explain why it is impossible and identify any legal, practical, or other firm obstacles that make it impossible to advance the PST initiatives with costs being recovered through base distribution rates. Please explain.

b. Please describe all of the "examples" that the Company has identified where commissions in National Grid's other jurisdictions have structured other mechanisms to accomplish cost recovery for transformative initiatives.

24-2. Referring to the response to DIV 10-1(b), the Company states, in part: "[U]nder the annual PST reconciliation filing, the burden will be on the Company to support the prudency and the appropriateness of any actual excess capital investment costs or O&M expense that exceeded the initial forecasts, including appropriate assignment of costs."

a. The Company's response appears to confine the Commission's prudency review to only those instances where costs <u>exceeded</u> the original forecasts. Is this a correct interpretation of the Company's response? If so, why should the Commission approve a mechanism that foregoes any and all prudency reviews, except for spending in excess of forecasts?

b. Would the Commission have the authority to consider the prudency of an expenditure that was within the original forecast, but could have easily been avoided given new information readily available at the time of incurring the expense, including without limitation obvious cost avoidance or cost reduction measures that could have been taken during implementation, but were not taken because of poor management decisions? If not, why not?

<u>New York Gas Enablement Settlement</u>

24-3. Referring to the response to DIV 16-26 and PUC 5-17, please provide a schedule showing the monthly costs charged to and incurred by each gas distribution company in each of the National Grid jurisdictions for Gas Business Enablement from the inception of the program in mid-2016 through calendar year 2017 and indicate the months in which the costs were charged or incurred in each instance.

24-4. Referring to the response to DIV 16-26 and PUC 5-17, please explain the New York ratemaking practice referred to in the response which affected Niagara Mohawk's decision not to seek recovery of non-recurring implementation expenses that may have been incurred during the historical test year and the period between the historical test year and the rate year in New York.

24-5. Referring to the response to DIV 16-26 and PUC 5-17, please explain the parameters of the settlement in New York relating to the recovery of Gas Business Enablement costs, including an explanation of how the costs will be treated, the rate allowance in each year, the rate or accounting treatment (if any) of any costs that may be incurred in excess of the annual rate allowance, and the rate or accounting treatment (if any) that would occur if Niagara Mohawk underspends the annual rate allowance for Gas Business Enablement.

24-6. Referring to the response to DIV 16-25, please provide an estimate of the impact on Service Company Rents for the Rate Year if, hypothetically speaking, the Commission in this docket granted an ROE of 9.1% instead of the requested 10.1%. (CLARIFYING NOTE: This question is essentially seeking an estimate of the approximate annual value of 100 basis points in the ROE, as it relates to the return on Service Company investments that are charged to Narragansett Electric's electric and gas businesses through Service Company Rents).

<u>Feeder Monitoring Proposal</u>

24-7. Referring to the response to DIV 19-3 and the statement regarding early implementation of the feeder monitoring proposal: "The only practical impediment to starting earlier is that the Company does not expect to have approval for funding of the program until Fiscal Year 2020." Does the "funding" relate to an internal budgeting issue at the Company or does "funding" relate to obtaining an order from the Commission approving the project? In either event, please also explain why the Company does not expect to have approval for funding of the program until Fiscal Year 2020.

24-8. Referring to the responses to DIV 19-2, please provide an estimate of the annual operating and maintenance (O&M) costs associated with the data and communications elements of the investment in feeder monitoring. If the O&M costs are different than the annual estimate of $10,000 indicated on the chart on Bates page 47 of PST-1, please explain why there is a difference and why the amounts were not quantified in the original PST filing.

24-9. Referring to the responses to DIV 19-2,

a. Is there any reason why the feeder monitoring project could not commence during the Rate Year with the annual revenue requirement associated with both O&M expenses and capital investment included in base rates that are established in Docket 4770? If there are actual impediments (as opposed to Company preferences), please explain.

b. Please provide an estimate of the annual revenue requirement in Rate Years 1, 2, and 3, assuming the feeder monitoring program commenced in Rate Year 1 and continued in years 2 and 3.

<u>System Data Portal</u>

24-10. Referring to Chapter 3 of Power Sector Transformation Book PST-1, Bates pages 44-46,

a. Is there any reason why the System Data Portal project could not commence (beyond the limited activities planned in the SRP 2018) during the Rate Year with the incremental annual revenue requirement associated with both O&M expenses and any capital investment included in base rates that are established in Docket 4770? If there are actual impediments (as opposed to Company preferences), please explain.

b. Please provide an estimate of the annual incremental revenue requirement in Rate Years 1, 2, and 3, assuming the System Data Portal commenced in Rate Year 1 and continued in years 2 and 3.

<u>Grid Modernization Activities of the Company and Affiliates</u>

24-11. Has National Grid already undertaken or completed initiatives or projects over the last five years to modernize the distribution system in Rhode Island? If so, please identify and describe any significant initiatives or projects undertaken by the Company over that period. If not, please explain why National Grid has not undertaken any initiatives or projects to modernize the distribution system over the last five years.

24-12. Has any of National Grid's electric distribution affiliates in Massachusetts and New York undertaken or completed any significant initiatives or projects over the last five years to modernize the distribution system (other than the Worcester pilot and Clifton Park demonstration projects)? If so, please identify and describe the initiatives or projects undertaken over that period.