

**RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

**The Narragansett Electric Co. d/b/a National Grid –
Application for Approval of a Change in Electric and
Gas Base Distribution Rates
(filed on November 27, 2017)**

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Docket 4770

**NEW ENERGY RHODE ISLAND
FIRST SET OF INTERROGATORY REQUESTS**

(NERI-1 through NERI-11)

1. Unless otherwise specified below, “the Company” and “Narragansett” refers to the Narragansett Electric Co. d/b/a/ National Grid.
2. Where work papers are requested, please provide work papers in Excel format.

The Narragansett Electric Co. d/b/a National Grid—Application for Approval of a Change in Electric and Gas Base Distribution Rates (filed on November 27, 2017)

Docket 4770

Request for Information

Requesting Party: New Energy Rhode Island (NERI)
To: National Grid
Request No.: NERI-1
Date of Request: 3.2.18
Response Due Date: 3.23.18 (rolling by agreement)
Subject/Panel: Book 1—Horan

1. Reference p. 16, ll. 15-18. What are the costs to customers, including decoupling adjustment costs, for the EE savings referenced herein? What is the cost per kWh of savings? Per peak kW?
2. Reference p. 15-16. What is the change in monthly average bill. over the period cited (2009 to present) for each class due to the EE programs? How were the claims about lower bills calculated?
3. Reference p. 16, ll. 7-11. What is the basis for these assertions? Please provide supporting documentation, in Excel format, where applicable.
4. Reference p. 16, l. 19 to p. 17, l. 4. What is the cumulative rate cost to customers of the investments described?
5. Reference p. 18, Figure 1. Why have SAIDI and SAIFI performance worsened since 2013/2014? Why did performance improve in prior years?
6. Reference p. 18 - community investments. Please:
 - a. Detail charitable contributions during each year since the Company's last rate case.
 - b. List all recipients of the Company's charitable contributions and community investments.
 - c. Describe the method used to determine recipients.

The Narragansett Electric Co. d/b/a National Grid—Application for Approval of a Change in Electric and Gas Base Distribution Rates (filed on November 27, 2017)

Docket 4770

Request for Information

Requesting Party: New Energy Rhode Island (NERI)
To: National Grid
Request No.: NERI-2
Date of Request: 3.2.18
Response Due Date: 3.23.18 (rolling by agreement)
Subject/Panel: Book 2—Hevert (Return on Equity)

1. How do you factor in whether the Company will be successful in navigating power sector transformation in estimating future earnings growth estimates? What sources do you rely upon?
2. Reference the statement on p. 8, ll. 11-13, that “To provide the PUC with a reasoned basis for setting an appropriate ROE in this case, I relied on three widely accepted methods, which I applied to a proxy group of comparable, publicly traded electric utility companies.” Please provide the basis for the statement that the methods referenced herein are “widely accepted,” including a list of all research, reports, publications, and other documentation relied upon.
3. Reference the statement on p. 9, ll. 1-2, that “Those factors include the Company’s small size relative to the proxy group, its projected capital expenditure plans, and its revenue stabilization mechanisms.” Please explain how the Company’s position as part of a bigger multi-state and multi-national company factors into estimating the Cost of Equity.
4. Reference p. 9, ll. 6-9 - “risk premium” approaches - how do they differ from other approaches such as the DCF method?
5. Reference the statement on p. 10, ll. 17-20, that “An authorized ROE that is well below returns authorized for other utilities: (1) runs counter to the *Hope* and *Bluefield* ‘comparable risk’ standard; (2) would place the Company at a comparative disadvantage; and (3) makes it difficult for the Company to compete for capital at reasonable terms.” How does the company structure of National Grid impact these factors?
6. Reference p. 11, ll. 18-19. What are the key characteristics of utility market valuations? Which arise in states where the commission has launched a PST proceeding?
7. Reference p. 12. What evidence supports the view that valuation increases are reflective of change from a historically discounted valuation position?
8. Reference p. 12, ll. 19-21. Please provide the Company’s basis for the assertion that the growth of distributed generation makes utility operations more risky than ever, including all research, reports, publications, and other documentation in support of this assertion.

9. Reference p. 21, Table 2. Please provide an Excel spreadsheet table containing the information in Table 2 for the years 2001 through 2016.
10. Reference p. 21, Table 2. How did the Company select the years reflected in Table 2?
11. Reference p. 22, ll. 13-15. Please describe and provide complete and detailed information as to:
 - a. Why did the Company exclude companies whose regulated income over the most 3 years represent less than 60% of combined total income?
 - b. Which companies did the Company exclude?
 - c. Why did the Company apply a 3-year time period?
12. Reference p. 22. How many of the remaining companies are directly owned subsidiaries of a larger holding company that also owns other distribution utilities?
13. Reference p. 24, Table 3. Please describe:
 - a. Which companies were eliminated?
 - b. What ROE do the excluded companies currently enjoy?
14. Reference p. 25.
 - a. How did the Company adjust for the fact that Narragansett Electric Co. ("Narragansett") does not own generation and that proxy group utilities do?
 - b. What is the power sector transformation status of the proxy utilities?
15. Reference p. 36.
 - a. Please quantify the impacts of adjustments the Company made based on predictions relating to the unwinding of Quantitative Easing policies.
 - b. What time period did the Company evaluate?
 - c. What change in interest rates did the Company assume?
 - d. How does this translate to changing the weight of the Constant Growth DCF analysis results?
 - e. What would have been the result if this adjustment had not been made?
16. Reference p. 36, ll. 10-19. Please explain how ROEs awarded over the past nearly 40 years (since 1980) establish a basis for an appraisal of reasonableness. Please provide all research, reports, publications, and other supporting documentation the Company relied upon.
17. Reference p. 50. How does the Company's Market Risk Premium method account for the regulated nature of utilities, especially a distribution-only utility like Narragansett?
18. Reference p. 58, ll. 12-13. Please explain in detail and provide complete and detailed documentation as to why "the mean results do not necessarily provide an appropriate estimate of the Company's Cost of Equity."
19. Reference p. 60. How does the Company's size risk analysis account for the fact that Narragansett is one of 3 National Grid utilities operating in the northeast?

20. Reference p. 60, ll. 13-20. Do the Company's citations on the "small size premium," or any of the studies the Company references, account for the small utility being a part of a larger regional and international holding company?
21. Reference p. 60, l. 20 to p. 61, l. 3. Why is trading volume relevant to Narragansett?
22. Reference Section B - Capital Expenditures, beginning on p. 62. Is it the Company's position that the ROE should be directly correlated with level of capital expenditures?
23. Reference p. 64.
 - a. Please explain the correlation, if any, between power sector transformation and capital spending.
 - b. Does the Rhode Island PST increase capital requirements?
 - c. Why or why not?
 - d. If yes, by how much does the Rhode Island PST increase capital requirements?
24. Reference p. 64. Does the Company's opinion about the relationship between PST and capital requirements account for performance-based earnings incentives? Does it matter if these incentives are asymmetrical or symmetrical?
25. Reference p. 64, l. 15.
 - a. Is it the Company's opinion that capital spending is a focus of Narragansett's management? Please explain.
 - b. Has the Company seen any evidence that this capital spending has strained credit metrics for Narragansett or for the parent company National Grid? Please explain.
26. Reference p. 65, ll. 5-7.
 - a. Please explain what the Company means by the statement that "the Company's need to access the capital markets will continue, and there is considerable uncertainty regarding how the transformation will affect utility companies."
 - b. Please explain how this uncertainty impacts the Company's ROE recommendations.
27. Reference p. 66-68.
 - a. Please explain whether revenue stabilization and cost recovery methods provide any ROE benefits to ratepayers, either for the Company or for its peer group of utility companies.
 - b. Does the Company have evidence that revenue stabilization and cost recovery methods have reduced the cost of capital for the utility sector in general?
 - c. Please provide copies or citations to publicly available sources to support your response.
28. Reference p. 71. If the Company's view is that the Decoupling Act should not now be used to make an adjustment to the Company's ROE, what is the Company's view of the purpose of the repeal of the prohibition on consideration of decoupling and its effect on ROE?
29. Reference p. 71, ll. 9-18.

- a. Has the Company evaluated the extent to which revenue stabilization mechanisms impact the Company's revenues as compared to its peers? Please explain.
- b. What are the key metrics of the stabilization mechanisms' impacts on revenues?

30. Reference p. 71, ll. 14-15.

- a. Please explain how the impact of the forms of revenue stabilization mechanisms should be compared given the wide variety in such mechanisms.
- b. Please provide analysis conducted to support the conclusion that because "all proxy companies have such mechanisms in place in at least one jurisdiction," it is therefore not appropriate to reduce the Company's ROE in connection with its rate mechanisms.

The Narragansett Electric Co. d/b/a National Grid—Application for Approval of a Change in Electric and Gas Base Distribution Rates (filed on November 27, 2017)

Docket 4770

Request for Information

Requesting Party: New Energy Rhode Island (NERI)
To: National Grid
Request No.: NERI-3
Date of Request: 3.2.18
Response Due Date: 3.23.18 (rolling by agreement)
Subject/Panel: Book 3—Gredder (Forecast)

1. Reference p. 8. Please explain in detail how the forecasted total GWh deliveries before DER reductions compare to forecasts after DER reductions are factored in.
2. Reference p. 10.
 - a. Please explain how climate change-related weather changes impact the forecast of the impact of weather on the forecasts.
 - b. In particular, please address the frequency and severity of storms and average temperatures.
 - c. Please explain whether weather normalization masks climate change-related changes in weather patterns, and whether the forecast addresses these effects.
3. Reference p. 12. Please explain whether the econometric models assume any correlation between economic growth and forecasted electricity sales.
4. Reference p. 28. Please explain whether the estimation of solar PV impacts accounted for coincidence of solar production and hourly summer peaks. If not, please explain why not.
5. Schedule JFG-15. Please explain why the PV forecast drops so dramatically in 2021 and after. How does this assumption impact the forecasts?

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Docket 4770

Request for Information

Requesting Party: New Energy Rhode Island (NERI)
To: National Grid
Request No.: NERI-4
Date of Request: 3.2.18
Response Due Date: 3.23.18 (rolling by agreement)
Subject/Panel: Book 4—Isberg

1. How does the Company define “income-eligible” customers?
2. How many income-eligible customers are in the Company’s service territory?
3. How many customers are in the Company’s service territory who fall below 200% of the federal poverty line?
4. Reference p. 7.
 - a. What processes are used to enroll customers onto the A-60 rate?
 - b. How many customers are enrolled on the A-60 rate?
 - c. How many customers qualify for the A-60 rate?
 - d. Geographically, where do customers who are eligible for the A-60 rate live?
5. Reference p. 8. How is the Company planning to deal with potential elimination or reduction in federal LIHEAP funding?
6. Reference p. 12. What are the electricity usage patterns for low-income customers? Please provide the data in Excel format.
7. p. 18, ll. 7-12. How does the Company currently engage with local government and not-for-profit community organizations to enroll customers on the low-income rate or in low-income programs? How will this change under the proposals in this proceeding?
8. Reference p. 26.
 - a. What outcome-based metrics will apply to the Home Energy Monitoring Demonstration Project?
 - b. To what extent were stakeholders consulted in developing the project?
 - c. Did the Company review similar projects conducted in other jurisdictions before developing this proposal? Please explain.
 - d. What specifically does the Company seek to demonstrate with the project?

9. Reference p. 27.

- a. What outcome-based metrics will apply to the Customer Contact Personalization Project?
- b. Did the Company review similar projects conducted in other jurisdictions before developing this propose? Please explain.

10. Reference p. 35.

- a. What outcome-based metrics will apply to the Energy Innovation Hub proposal?
- b. To what extent were stakeholders consulted in developing the project?
- c. Did the Company review similar projects conducted in other jurisdictions before developing this propose? Please explain.
- d. Please explain why the Company believes that a “bricks and mortar” approach of the Hub will work better than less expensive “virtual” efforts.

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Docket 4770

Request for Information

Requesting Party: New Energy Rhode Island (NERI)
To: National Grid
Request No.: NERI-5
Date of Request: 3.2.18
Response Due Date: 3.23.18 (rolling by agreement)
Subject/Panel: Book 7—Johnston and Connolly

1. Please provide details on the relationship between the proposed Gas Business Enablement investments and gas expansion investments. What fraction of GBE investments are designed to serve expansion efforts? Which functions are primarily or significantly related to gas business expansion?
2. Please explain why customer expectations regarding natural gas utility service should be compared to frequent, often daily, business interactions like using a taxi or shopping for groceries.
3. Reference p. 20, ll. 8-16. Please explain why customers should be able to instantly determine the purpose and function of a service truck without asking the crew of the truck.
4. Reference p. 21, ll. 5-11. Please provide empirical data explaining the before and after conditions associated with the following statement: "Implementation of the Gas Business Enablement Program and the establishment of an enterprise-wide Work Management, Asset Management, and Customer Enablement system will result in the upgrade of gas and customer processes conducted by the Company to perform day-to-day operations. The new systems will provide more complete data capture and enable associated data reporting; eliminate over-reliance on paper records; create greater visibility of work requirements; and improve the effectiveness of field work and customer interactions."
5. Reference p. 23. Please detail the outcome-based metrics associated with the gas customer experience investments.
6. Reference p. 39, ll. 5-8. Please provide indicative and comparative data to provide perspective to the comment on the number of customer service requests that National Grid receives, broken out by jurisdiction.

The Narragansett Electric Co. d/b/a National Grid—Application for Approval of a Change in Electric and Gas Base Distribution Rates (filed on November 27, 2017)

Docket 4770

Request for Information

Requesting Party: New Energy Rhode Island (NERI)
To: National Grid
Request No.: NERI-6
Date of Request: 3.2.18
Response Due Date: 3.23.18 (rolling by agreement)
Subject/Panel: Book 8—Little

1. Please provide details, including invoices, for all trade association memberships paid by or allocated to Narragansett, including amounts paid by shareholders and amounts for which revenue recovery is requested.
2. Please provide details regarding all natural gas expansion spending and investments reflected in the revenue requirement.
3. Please provide details of all amounts relating to charitable donations, sponsorships, “community investments,” entertainment, and other spending reflected in the revenue requirement.
4. Reference p. 71. Please provide details of rate case expenses associated with the Company’s opposition to intervention by parties in this proceeding.

The Narragansett Electric Co. d/b/a National Grid—Application for Approval of a Change in Electric and Gas Base Distribution Rates (filed on November 27, 2017)

Docket 4770

Request for Information

Requesting Party: New Energy Rhode Island (NERI)
To: National Grid
Request No.: NERI-7
Date of Request: 3.2.18
Response Due Date: 3.23.18 (rolling by agreement)
Subject/Panel: Book 12—Gorman—COSS

1. Reference p. 14, ll. 16-18. Please provide details on the types of costs actually included in accounts 901-910.
2. Reference p. 15, ll. 7-8.
 - a. Please explain and provided details of the costs associated with “maintain[ing] customer-related distribution assets.”
 - b. Please explain how these costs vary and why they are classified as customer costs.
 - c. Please provide the authority supporting that decision.
3. Reference p. 15, ll. 8-10. Please provide authority for the proposition that "Customer-related costs are primarily a function of the number of customers served, and the Company incurs such costs whether or not a particular customer uses any electricity." Please describe and provide citations to authoritative rate making literature and/or treatises supporting this definition of customer-related costs.
4. Reference p. 15, ll. 8-10.
 - a. Please explain how the Company uses the standard or definition that “customer-related costs are primarily a function of the number of customers served” to classify costs.
 - b. Please confirm whether the Company’s method is similar or different from “minimum-system,” “zero-load,” or other similar methods to apply its definition of “customer-related.”
 - c. Please provide a detailed list of all costs that do not vary with the number of customers served.
5. Reference p. 15, ll. 10-11. Please confirm that none of the costs that the Company has classified as customer-related are costs that do not vary with usage or load profile. If this is not true, please explain.
6. Reference p. 15, ll. 12-13. Please confirm that none of the costs classified as customer-related and characterized as "customer service, field service, billing, and accounting" vary

solely or primarily as a function of the number of customers served and not level of use. If this is not true, please explain. Please provide data and detailed descriptions to support these assertions.

7. Reference p. 16, ll. 2-3. For each category of assets and costs, please explain why "all assets and costs in the Billing function are classified as Customer-related." Please cite authority for this classification.
8. Reference p. 16, ll. 9-10.
 - a. Please provide details on the extent to which "services and meters" costs are not primarily related to the number of customers.
 - b. Please explain why services and meters not primarily related to the number of customers are classified as customer-related.
9. Reference p. 17. Please explain the extent to which non-coincident peak demands, in contrast to coincident peak demands, drive system costs at the sub-transmission, primary, and secondary system levels.
10. Reference p. 18, ll. 17-19.
 - a. Please confirm that the method used in Schedule HSG-2 for allocating transformer costs results in allocating costs to customers from each class regardless of the coincidence of class loads on types of transformers.
 - b. Please confirm whether or not transformers are sized according to the sum of class NCPs, regardless of the coincidence of those NCPs with each other.
11. Reference p. 27, ll. 1-3.
 - a. Please list and provide copies of or citations to publicly-available and no-cost sources for all authorities relied upon in making the assertion that "it is appropriate to include some portion of demand-related costs in the monthly charge, in order to align the utility's revenue and costs more closely, and to help stabilize the utility's revenue and customers' costs."
 - b. Please explain what is meant by alignment of the utility's revenues and costs more closely.
 - c. Please confirm whether the Company's position is that this alignment of costs and revenues advances economic efficiency and the setting of just and reasonable rates.
 - d. Please cite authorities for any positions on these issues held by the witness or the Company.
12. Reference p. 28, ll. 4-7. Please cite any authority for and examples of use of the witness' proposed method for determining the amount of demand costs to be included in the proposed fixed customer charge.
13. Reference p. 28, ll. 4-7. Please explain how the witness' proposed method relates to the actual usage and level of demand by individual customers.
14. Reference p. 28, ll. 9-14. Please explain how the witness and the Company believe that the Commission's work in Docket 4600 and the Power Sector Transformation process relate to the witness' recommendation that the Commission adopt an agenda of systematically

increasing the amount of demand-related costs through the fixed customer charge.

15. Reference p. 28, ll. 16-22. Please provide a bill impacts analysis that groups customers by income level and usage level (kWh increments as per HSG-5, and number of low-income customers in each bin), and shows the impacts of the proposed changes in A-16 and A-60 rates. If the data is not available, please explain why it is not available.

The Narragansett Electric Co. d/b/a National Grid—Application for Approval of a Change in Electric and Gas Base Distribution Rates (filed on November 27, 2017)

Docket 4770

Request for Information

Requesting Party: New Energy Rhode Island (NERI)
To: National Grid
Request No.: NERI-8
Date of Request: 3.2.18
Response Due Date: 3.23.18 (rolling by agreement)
Subject/Panel: Book 12—Street Lighting

1. Reference p. 39, lines 16-20.
 - a. Please explain how the proposed annual costs for various lighting technologies were developed.
 - b. Please explain whether efficiency, actual annual maintenance costs, or other data informed the proposed annual costs.
 - c. Please provide copies of work papers and other sources of data.
 - d. Please explain whether the proposed rates are designed to encourage efficient lighting usage and how this objective is reflected in proposed rates and charges.
2. Reference p. 42, Table. Please explain why no long-term marginal cost data is available and any actions the Company is taking to remedy this lack of data.
3. Reference p. 46, and HSG-5-F. Please explain why the proposed rate increases for LED lights are significantly higher than those proposed for other lighting technologies.

The Narragansett Electric Co. d/b/a National Grid—Application for Approval of a Change in Electric and Gas Base Distribution Rates (filed on November 27, 2017)

Docket 4770

Request for Information

Requesting Party: New Energy Rhode Island (NERI)
To: National Grid
Request No.: NERI-9
Date of Request: 3.2.18
Response Due Date: 3.23.18 (rolling by agreement)
Subject/Panel: Book 15—Dues and Memberships

1. Reference Responses to Commission’s First of Set of Data Requests, PUC 1-45. Please identify what amounts of National Grid’s dues, assessments, and contributions to Edison Electric Institute (“EEI”) were compensated by ratepayers from Rhode Island.
2. Please provide copies of the invoices submitted to the Narragansett Electric Company d/b/a/ National Grid by the EEI that identify and break down the portion of activities that are designated for submission as an expense to ratepayers for the following calendar years:
 - a. CY14
 - b. CY15
 - c. CY16
 - d. CY17
3. Please provide copies of the invoices submitted to Narragansett Electric Company d/b/a/ National Grid by the EEI that identify and break down the portion of activities that are designated for submission as an expense to shareholders for the following calendar years:
 - a. CY14
 - b. CY15
 - c. CY16
 - d. CY17
4. Reference Responses to Commission’s First of Set of Data Requests, PUC 1-45. Please identify what amounts of National Grid’s dues, assessments, and contributions to American Gas Association (“AGA”) were compensated by ratepayers from Rhode Island.
5. Please provide copies of the invoices submitted to Narragansett Electric Company d/b/a/ National Grid by the AGA that identify and break down the portion of activities that are designated for submission as an expense to ratepayers for the following calendar years:
 - a. CY14

- b. CY15
 - c. CY16
 - d. CY17
6. Please provide copies of the invoices submitted to Narragansett Electric Company d/b/a/ National Grid by the AGA that identify and break down the portion of activities that are designated for submission as an expense to shareholders for the following calendar years:
- a. CY14
 - b. CY15
 - c. CY16
 - d. CY17
7. Please provide a copy of the EEI annual report provided by EEI to National Grid for the following calendar years:
- a. CY15
 - b. CY16
 - c. CY17
8. Please provide a copy of the AGA annual report provided by EEI to National Grid for the following calendar years:
- a. CY15
 - b. CY16
 - c. CY17
9. Please describe in detail whether, and how, National Grid's membership in EEI benefits Rhode Island ratepayers. Please provide any supplemental marketing material provided by the EEI to National Grid that discusses the benefits of membership in EEI.
10. Please describe in detail whether, and how, National Grid's membership in AGA benefits Rhode Island ratepayers. Please provide any supplemental marketing material provided by the AGA to National Grid that discusses the benefits of membership in AGA.

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Docket 4770

Request for Information

Requesting Party: New Energy Rhode Island (NERI)
To: National Grid
Request No.: NERI-10
Date of Request: 3.2.18
Response Due Date: 3.23.18 (rolling by agreement)
Subject/Panel: Book 22—Charitable Donations

1. Reference Responses to Commission's First of Set of Data Requests, PUC 1-64. Please identify if, and how much of, the donations to charitable organizations by National Grid are charged to Rhode Island ratepayers for the following calendar years:
 - a. CY2014
 - b. CY2015
 - c. CY2016
2. Reference Responses to Commission's First of Set of Data Requests, PUC 1-64, p. 7 of 11. Please explain the charitable donations made to NGUSA Service Company in the following calendar years:
 - a. CY2014
 - b. CY2016

**The Narragansett Electric Co. d/b/a National Grid—Application for Approval of a Change in
Electric and Gas Base Distribution Rates (filed on November 27, 2017)**

Docket 4770

Request for Information

Requesting Party: New Energy Rhode Island (NERI)
To: National Grid
Request No.: NERI-11
Date of Request: 3.2.18
Response Due Date: 3.23.18 (rolling by agreement)
Subject/Panel: Book 18—Judgments

1. Reference Responses to Commission's First of Set of Data Requests, PUC 1-65. Please identify if, and how much of, the judgments resulting from lawsuits involving National Grid are charged to Rhode Island ratepayers for the following calendar years:
 - a. CY 2015
 - b. CY 2016
 - c. CY 2017