

August 8, 2019

**VIA HAND DELIVERY AND ELECTRONIC MAIL**

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

**RE: Docket 4770 – Letters From American Gas Association (AGA) and  
Edison Electric Institute (EEI) in Response to the Company’s Request for  
Information Regarding Annual Membership Dues  
Compliance Filing**

Dear Ms. Massaro:

In compliance with Article II, Section C.22.e of the Amended Settlement Agreement approved by the Public Utilities Commission (PUC) at its August 24, 2018 Open Meeting in Docket No. 4770, on behalf of National Grid,<sup>1</sup> I am enclosing ten copies of letters the Company recently received from AGA and EEI in response to the Company’s correspondence to AGA and EEI requesting information regarding how such trade associations allocate costs between lobbying and non-lobbying expenses and substantiation of the allocation.

Thank you for your attention to this transmittal. If you have any questions concerning this matter, please contact me at 781-907-2153.

Very truly yours,



Celia B. O'Brien

cc: Jonathan Schrag, Division  
Ronald T. Gerwatowski, Division  
John Bell, Division  
Al Mancini, Division  
Leo Wold, Esq.  
Christy Hetherington, Esq.

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<sup>1</sup>The Narragansett Electric Company d/b/a National Grid (National Grid or the Company).

August 7, 2019

*Via email alone to: [celia.obrien@nationalgrid.com](mailto:celia.obrien@nationalgrid.com)*

Celia B. O'Brien  
Assistant General Counsel and Director  
National Grid  
40 Sylvan Road  
Waltham, MA 02451

Re: American Gas Association Lobbying Disclosure Act Reporting Procedures

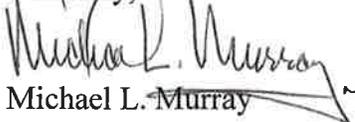
Dear Ms. O'Brien:

In correspondence from you dated July 30, 2019, you requested on behalf of The Narragansett Electric Company d/b/a National Grid, information regarding how AGA allocates costs between lobbying and non-lobbying expenses and the substantiation of the allocation.

I am enclosing a copy of the current "American Gas Association Lobbying Disclosure Act Reporting Procedures, Administration & Controls." The document includes AGA's methodology for allocating costs between lobbying and non-lobbying expenses as well as controls to ensure their accuracy. This document is reviewed and signed-off annually by staff with roles defined in the document.

If you have any questions, please contact me at 202-824-7071 or [mmurray@aga.org](mailto:mmurray@aga.org).

Sincerely,

  
Michael L. Murray

**Michael L. Murray** *General Counsel*

**AMERICAN GAS ASSOCIATION  
Lobbying Disclosure Act Reporting Procedures,  
Administration & Controls**

Issued: January 8, 2019

This Lobbying Disclosure Act Reporting Procedures Memorandum outlines American Gas Association's (AGA) internal administrative processes to file accurate, verifiable and complete filings required under the Lobbying Disclosure Act, including, the quarterly LD-2 and semiannual LD-203 filings.

The processes below explain how AGA collects the data it relies upon when filing reports, including, how the calculation to determine expenses related to lobbying or lobbying related activities by AGA is made.

**1. Lobbying Activities**

Membership organizations like AGA are subject to U.S. Internal Revenue Code (IRC) Section 162(e)<sup>1</sup>, which defines lobbying, as discussed below, and the federal Lobbying Disclosure Act (LDA), each of which require organizations to track and disclose the amount spent on such activities. The LDA allows organizations that are subject to 26 U.S.C. § 162(e) to use the IRC definitions in lieu of the definitions of lobbying provided in the LDA.

IRC Section 162(e), and the regulations promulgated thereunder, defines "lobbying" broadly to include activities for the purpose of "influencing legislation" at the state or federal level. This includes any attempt to influence legislation through a communication with (i) any member or employee of Congress; (ii) any member or employee of a state legislature; or (iii) any federal or state government official or employee who may participate in the formulation of legislation. Such activities may include, but are not limited to:

- Any attempt to influence any legislation through a lobbying communication;
- All activities, such as research, preparation, planning and coordination, including deciding whether to make a lobbying communication, engaged in for a purpose of making or supporting a lobbying communication;
- Grassroots lobbying, which is any attempt to influence the general public, or segments thereof, with respect to elections, legislative matters, or referenda.
- Any direct communications with a covered executive branch official in an attempt to influence the official actions or positions of such official.<sup>2</sup>

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<sup>1</sup> 26 U.S.C. § 162 (e).

<sup>2</sup> For the purposes of 26 U.S.C. § 162 (e), the term "covered executive branch official" includes: (1) the President; (2) the Vice President; (3) any officer or employee of the Executive Office of the President, and the 2 most senior level officers of the agencies in the Executive Office of the President (e.g., Council on Environmental

In order to comply with the requirements of the IRC and the LDA, the AGA uses a method provided in the IRC and which the Internal Revenue Service (IRS) deems to be reasonable. An accurate calculation typically includes tracking employees' time spent lobbying, allocating overhead costs to lobbying activity, and factoring actual lobbying expenses (e.g., travel, payments to outside consultants, publications, etc.) into the total.

## 2. Collecting Data Related to Lobbying Activities:

AGA's **Governmental Affairs and Public Policy** department, which includes state and federal affairs, is primarily responsible for all lobbying for AGA. The AGA General Counsel's office provides legal advice, guidance, and oversight in support of LDA compliance. Other employees may be requested to assist in support functions on an as-needed basis.

The following data collection procedures are performed by AGA staff who may be engaged in lobbying or lobbying activities:

- **Contemporaneous Reporting:** Each AGA employee that is engaged in or supporting lobbying activities, is required to keep a contemporaneous log of the time that the employee is engaged in lobbying or lobbying activities.
- **Weekly Meeting:** The Vice President, Government Affairs and Public Policy, holds a weekly meeting with staff and, when applicable, outside consultants where they review the previous week's lobbying activity as well as the upcoming week's anticipated activities. This helps ensure that AGA is reporting all issues that AGA lobbies and identifies who is engaged in those activities.
- **Monthly Survey:** At the end of each calendar month each employee engaged in lobbying or lobbying activities is required to complete a survey. The survey includes:
  - The number of hours lobbied that month.
  - The issues and offices lobbied (House, Senate or Federal Agency).
  - The names of outside consultants AGA used to lobby that month.
  - Any AGA staff that have assisted in a lobbying effort.
  - Whether, using AGA funds, AGA staff has made or are aware of any of contributions:
    - to pay the cost of an event to honor or recognize a covered legislative or executive branch official;

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Quality); and (4) any individual serving in a position in level I of the Executive Schedule under 5 U.S.C. § 5312, or any individual designated by the President as having Cabinet level status, and his/her immediate deputy.

- to an entity that is named for a legislative branch official, or to a person or entity in recognition of such official;
  - to an entity established, financed, maintained, or controlled by a legislative or executive branch official, or an entity designated by such official; or
  - to pay the costs of a meeting, retreat, conference, or other similar event held by, or in the name of, one or more legislative or executive branch officials.
- The name of each Presidential library foundation, and each Presidential inaugural committee, to whom contributions equal to or exceeding \$200 were made by AGA or the American Gas Association Political Action Committee, and the date and amount of each such contribution;
  - A certification that the AGA applicable employee:
    - Has read and is familiar with those provisions of the Standing Rules of the Senate and the Rules of the House of Representatives relating to the provision of gifts and travel; and
    - Not provided, requested, or directed a gift, including travel, to a Member of Congress or an officer or employee of either House of Congress with knowledge that receipt of the gift would violate rule XXXV of the Standing Rules of the Senate or rule XXV of the Rules of the House of Representatives.
- **Quarterly Consultants Survey:** On a quarterly basis, AGA obtains timesheets from outside consultants and determines any amounts related to lobbying. All consultant contracts must include this as a contractual obligation of the consultant. AGA uses the monthly survey to verify and supplement these consultant timesheets.
  - **Quarterly Review of Dues/Contributions Paid to Third Parties:** On a quarterly basis, AGA obtains the percentage of any AGA dues paid to third party organizations that are related to lobbying. This figure is either obtained from the invoice AGA receives from the third party or AGA contacts them directly when the information is not included on the invoice.
  - **Quarterly Review of all other direct costs:** On a quarterly basis, AGA estimates the total cost of all other direct costs that are related to lobbying. These expenses are reviewed by the Vice President, Government Affairs and Public Policy, and staff to make sure AGA knows exactly what expenses are related to lobbying and that they are properly coded to the correct programs.

### 3. Calculation of Lobbying Expenses:

AGA's Accounting Department is responsible for tracking all expenses for AGA and calculates AGA's lobbying expenses. Based on the information provided in the reports and surveys discussed in section 2 above, on a quarterly basis the following data collection and calculation procedures are performed by the Accounting Department:

- Summary of hours worked by each lobbyist and those supporting our lobbying efforts is received. These are inputted in a spreadsheet that includes each employee's hourly salary. Salary information is verified each quarter to determine if there were any salary adjustments. In the first quarter, employees' bonus payment is included in the hourly amount to determine the amount of wages allocated to lobbying for first quarter.
- The sum of the labor charges is multiplied by a factor of 2.25 (percentage provided by the IRS) which reflects benefits, administrative support and overhead to obtain a total salary, benefit and overhead figure.
- On a quarterly basis, AGA obtains timesheets from consultants and determines the amount related to lobbying.
- All other vendor invoices received from the various departments throughout AGA are reviewed to ensure that they are properly coded to the correct programs. AGA has over 300 programs including those that are related to lobbying. On a quarterly basis, these are reviewed with staff to determine what expenses specifically relate to lobbying.
- Dues/contributions paid third party – on a quarterly basis AGA obtains the percentage of the dues that are related to lobbying for payments made to other organizations. This figure is either obtained from the invoice AGA receives from the third party or AGA staff contacts the third party directly when the information is not included on the invoice.

The total lobbying expense is then provided to the appropriate Government Affairs and Public Policy personnel and the AGA General Counsel, for required regulatory reporting. Specifically, quarterly reports (LD-2) must be submitted electronically to the Clerk of the U.S. House of Representatives and the Secretary of the Senate **by the 20th day of the month following the end of the quarter** (i.e., January 20th for the quarter ending December 31st). Semi-annual reports (LD-203) are **due on January 30th and July 30th**. This calculation is also subject to IRS audit and reviewed annually by our external auditors during their audit of our financial statements.



**Edison Electric  
INSTITUTE**

The Narragansett Electric Company  
d/b/a National Grid  
RIPUC Docket No. 4770  
Compliance Filing  
August 8, 2019  
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**Emily Sanford Fisher**  
General Counsel and Corporate Secretary

**VIA ELECTRONIC DELIVERY**

Ms. Celia B. O'Brien  
Assistant General Counsel and Directors  
National Grid  
40 Sullivan Road  
Waltham, MA 02451

**RE: EEI Lobbying Activities and Calculating Lobbying Expenses**

Dear Ms. O'Brien,

As you requested, to comply with the requirements of National Grid's recent rate case settlement in Rhode Island, I am writing to provide information about how the Edison Electric Institute (EEI) allocates costs between lobbying and non-lobbying expenses.

The portion of EEI's dues that is allocated to lobbying activity is calculated consistent with the requirements of the Internal Revenue Code (IRC) and the Lobbying Disclosure Act (LDA), which both define "lobbying and political activities." Combined, these definitions are broad and capture not only federal lobbying, but also state and grassroots lobbying and political activity. Each quarter, EEI requires employees to complete reports that track how much time was spent, on a percentage basis, on lobbying and political activities as defined by the IRC and LDA. The corresponding percentages of employee compensation are compiled through a careful accounting process and added to any amounts that EEI pays to outside lobbying firms. These totals then are filed quarterly with the Office of the Clerk, U.S. House of Representatives, as required by the LDA. All such filings are publicly available on the website of the Office of the Clerk.

EEI aggregates these quarterly filings and uses that data to send members an annual letter that provides specifies what percentage of dues collected should be allocated to lobbying and political activities. Included with this response is the letter that EEI sent to National Grid this year.

If I can provide any additional information about how EEI dues are allocated between lobbying and non-lobbying activities, please do not hesitate to ask.

Sincerely,

202-508-5616 | [efisher@eei.org](mailto:efisher@eei.org)

701 Pennsylvania Avenue, NW | Washington, DC 20004-2696 | [www.eei.org](http://www.eei.org)



**Edison Electric  
INSTITUTE**

*Power by Association*

February 21, 2019

Dear EEI Members:

EEI has completed the calculation of the Institute's expenditures related to influencing legislation for calendar year 2018. For tax reporting purposes, please use the "original estimate on dues invoice". These percentages may affect the extent to which your 2018 EEI dues and SFA payments qualify as a deductible business expense.

**Summary of 2018 and 2019 Lobbying Percentages**

	<u>Regular</u>	<u>Separately Funded Activities (SFA)</u>			
	<u>Activities</u>				
	Core		Industry		
	<u>Dues</u>	<u>EWAC</u>	<u>Issues</u>	<u>USWAG</u>	<u>WAC</u>
<b>2018</b>					
Original Estimate on Dues Invoice	13.0%	12.0%	24.0%	3.0%	30.0%
Actual/Final	12.8%	0.0%	22.1%	0.2%	0.0%
<b>2019</b>					
Original Estimate on Dues Invoice	13.0%	0.0%	24.0%	3.0%	10.0%

If you have any questions, please contact me at (202) 508-5540 or [jschlenker@eei.org](mailto:jschlenker@eei.org).

Sincerely,  
John Schlenker  
CFO & Treasurer