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 Set 15 - NERI- 5-1 through 5-5
Date of Request: 3.9.18
Response Due Date: Rolling
Subject/Panel: Book 4—Rosario, Jr., Amaral III, Constable, and Isberg

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5-1. Reference p. 12, ll. 19 through p. 13, l. 3. Did the Company factor in project completion rates in its workload expectations?

Response can be found on Bates page(s) 1.

5-2. Reference the statement on p. 65, ll. 13-18, that "In addition to all other driving factors, the Company is experiencing increased workload from the June 14, 2016 RIPUC No. 2163 Standards for Connecting Distributed Generation revision requirement that the Company perform cost reconciliations for all projects with system modifications. The workload arising from the required reconciliations has resulted in a substantial amount of increased work given the rapid increase of DG interconnections in Rhode Island." Please provide copies of all resulting audit reports and an account of how much the resulting audits saved your distributed generation customers.

Response can be found on Bates page(s) 2-3.

5-3. Reference the statement on p. 72, ll. 12-15, that "Although the Company has not performed a cost-benefit analysis in relation to hiring additional DG personnel, the proposal presents qualitative considerations in the form of the benefits discussed above, and will further the state's renewable energy goals. As a result, the Company's proposal for additional personnel is consistent with the Docket 4600 Guidance Document and should be approved." Please explain why the Company did not perform a cost-benefit analysis in relation to hiring additional DG personnel. How can the Company claim the proposal is consistent with Docket 4600 Guidance Document if the Company did not conduct the analysis called for in the Docket 4600 Document?

Response can be found on Bates page(s) 4-5.

5-4. Why the large investment in an energy innovation hub just before this rate case? Who authorized/controlled expenditure? Subjected to docket 4600 cost benefit analysis? Why

do customers need this more than other investment priorities? Now seeking forgiveness rather than approval?

Response can be found on Bates page(s) 6-8.

5-5. Reference the statement on p. 43, ll. 5-8, that "The Company proposes to recover half of the total costs, or $237,500, through base distribution rates, and has sought to recover the other half of the costs, $237,500, through its Energy Efficiency Program Plan for 2018, which was filed November 1, 2017 in Docket No. 4755." Has the Company already begun implementation of the Hub program? If so, how does the Company propose to treat its investment if the Commission rejects the proposal? Did the Company conduct any cost/benefit analysis of the Hub proposal here or in the Energy Efficiency Program Plan proposal?

Response can be found on Bates page(s) 9.

NERI 15-1

Request:

Subject: Book 4 – Rosario, Jr., Amaral III, Constable, and Isberg

Reference p. 12, ll. 19 through p. 13, l. 3. Did the Company factor in project completion rates in its workload expectations?

Response:

Yes. The Company considered project completion rates or project schedules in its workload expectations. This was done through tracking distributed generation interconnection rates. See Pages 58-63 of the Joint Pre-Filed Direct Testimony of Company Witnesses Raymond J. Rosario, Jr., Alfred Amaral III, and Ryan M. Constable (Bates Pages 61-66 of Book 4).

Prepared by or under the supervision of: Raymond Rosario, Alfred Amaral, and Ryan Constable

NERI 15-2

Request:

Subject: Book 4 – Rosario, Jr., Amaral III, Constable, and Isberg

Reference the statement on p. 65, ll. 13-18, that "In addition to all other driving factors, the Company is experiencing increased workload from the June 14, 2016 RIPUC No. 2163 Standards for Connecting Distributed Generation revision requirement that the Company perform cost reconciliations for all projects with system modifications. The workload arising from the required reconciliations has resulted in a substantial amount of increased work given the rapid increase of DG interconnections in Rhode Island." Please provide copies of all resulting audit reports and an account of how much the resulting audits saved your distributed generation customers.

Response:

A summary of the Company's final reconciliation reports are included as Attachment NERI 15-2. The reconciliation efforts completed or near complete since 2014 show a net amount of $530,663 that has been, or will soon be, refunded to distributed generation customers.

Prepared by or under the supervision of: Ryan Constable

DG WR	Status	Reconciliation Result	Reconciliation Due Date	Fuel Source	kW	Sum of Amount Collected from Customer	Sum of Actual Cost	Refunded(-) /Invoiced(+)	Count
12798003	Under Job Owner Review	Refund Required	2/14/2018	PV	400	$56,850.00	$41,694.46	-$15,155.54	1
12995866	Closed and Complete	Refund Required	6/10/2014	Wind	1500	$182,267.00	$134,411.41	-$47,855.59	1
13154246	Closed and Complete	Refund Required	1/22/2015	PV	3000	$1,100,340.00	$956,654.97	-$143,685.03	1
13989237	Closed and Complete	Refund Required	2/25/2016	PV	499	$59,500.00	$29,638.95	-$29,861.05	1
14319785	Awaiting SAP Final Billing Details	Invoice Required	3/23/2017	PV	1500	$396,604.00	$563,238.98	$166,634.98	1
14462941	Awaiting SAP Final Billing Details	Refund Required	3/23/2017	PV	4500	$1,159,811.00	$965,273.89	-$194,537.11	1
14805719	Closed and Complete	Invoice Required	2/24/2016	PV	1375	$226,160.00	$284,274.94	$58,114.94	1
15640455	Awaiting SAP Final Billing Details	Invoice Required	3/23/2017	Wind	1500	$396,604.00	$482,821.24	$86,217.24	1
15772951	Awaiting SAP Final Billing Details	Invoice Required	3/23/2017	PV	1500	$396,604.00	$421,324.03	$24,720.03	1
16757744	Sent to Payments Processing	Invoice Required	3/7/2017	PV	1170	$474,309.00	$477,420.72	$3,111.72	1
17214367	Closed and Complete	Refund Required	2/24/2016	PV	495	$15,750.00	$6,918.48	-$8,831.52	1
17214367	Closed and Complete	Refund Required	9/13/2016	PV	495	$15,750.00	$6,918.48	-$8,831.52	1
17599370	Awaiting SAP Final Billing Details	Invoice Required	3/23/2017	PV	1500	$360,695.00	$469,538.14	$108,843.14	1
17600293	Awaiting SAP Final Billing Details	Refund Required	3/23/2017	PV	4500	$1,076,167.00	$914,126.85	-$162,040.15	1
17665895	Under Job Owner Review	Refund Required	11/6/2017	PV	4000	$356,361.00	$174,538.68	-$181,822.32	1
18094044	Awaiting SAP Final Billing Details	Refund Required	3/17/2017	PV	878.4	$57,282.00	$55,689.26	-$1,592.74	1
19834975	Sent to Payments Processing	Invoice Required	1/18/2018	PV	196	$63,236.00	$70,087.31	$6,851.31	1
19836686	Closed and Complete	Refund Required	11/21/2017	PV	192	$49,606.00	$39,807.67	-$9,798.33	1
19847966	Closed and Complete	Refund Required	7/7/2017	PV	196	$48,586.00	$40,642.33	-$7,943.67	1
19864640	Closed and Complete	Refund Required	7/7/2017	PV	196	$48,586.40	$40,295.95	-$8,290.45	1
19864653	Under Job Owner Review	Refund Required	3/1/2018	PV	196	$1,250.00	$1,122.68	-$127.32	1
19868760	Closed and Complete	Refund Required	7/7/2017	PV	196	$49,446.00	$39,337.11	-$10,108.89	1
20042214	Closed and Complete	Invoice Required	9/29/2017	PV	1116	$132,079.00	$150,256.55	$18,177.55	1
20174457	Awaiting SAP Final Billing Details	Invoice Required	3/23/2017	PV	1500	$58,860.00	$74,306.93	$15,446.93	1
20431270	Closed and Complete	Refund Required	11/6/2017	PV	216	$33,321.00	$19,905.32	-$13,415.68	1
20986340	Closed and Complete	Invoice Required	10/3/2017	Reciprocating Engine	1590	$106,201.00	$108,133.33	$1,932.33	1
21020636	Closed and Complete	Invoice Required	11/3/2017	PV	450	$10,000.00	$26,217.76	$16,217.76	1
21384643	Closed and Complete	Invoice Required	12/7/2017	PV	900	$5,000.00	$12,246.86	$7,246.86	1
21791580	Closed and Complete	Invoice Required	3/29/2018	PV	2750	$10,000.00	$18,139.37	$8,139.37	1
21791657	Closed and Complete	Invoice Required	3/29/2018	PV	4144	$10,000.00	$18,873.80	$8,873.80	1
21791698	Under Job Owner Review	Refund Required	3/29/2018	PV	1776	$80,117.46	$11,930.39	-$68,187.07	1
21810699	Closed and Complete	Refund Required	3/29/2018	PV	552	$78,427.23	$9,487.38	-$68,939.85	1
21858132	Sent to Payments Processing	Invoice Required	3/23/2017	PV	3750	$10,000.00	$14,306.48	$4,306.48	1
22731714	Closed and Complete	Refund Required	10/17/2017	PV	496	$5,000.00	$3,915.98	-$1,084.02	1
22834806	Closed and Complete	Invoice Required	10/27/2017	PV	420	$5,000.00	$15,510.97	$10,510.97	1
23114622	Closed and Complete	Refund Required	10/10/2017	Wind	1500	$10,000.00	$227.37	-$9,772.63	1
23155973	Closed and Complete	Invoice Required	3/29/2018	(blank)	2500	$10,000.00	$19,725.94	$9,725.94	1
23372907	Closed and Complete	Invoice Required	1/18/2018	PV	3000	$10,000.00	$12,956.96	$2,956.96	1
23609497	Closed and Complete	Invoice Required	10/12/2017	(blank)	4080	$10,000.00	$15,174.49	$5,174.49	1
23689761	Closed and Complete	Refund Required	1/18/2018	PV	200	$29,733.66	$26,053.93	-$3,679.73	1
23724611	Closed and Complete	Refund Required	11/20/2017	Other	308	$5,076.00	$288.90	-$4,787.10	1
23769058	Closed and Complete	Refund Required	10/10/2017	PV	5500	$10,000.00	$0.00	-$10,000.00	1
23983022	Closed and Complete	Invoice Required	11/20/2017	Other	216	$1,000.00	$1,912.25	$912.25	1
24142719	Under Job Owner Review	Invoice Required	10/24/2017	PV	25	$2,228.40	$11,957.99	$9,729.59	1
25113399	Under Job Owner Review	Refund Required	3/29/2018	PV	2500	$97,065.19	$12,697.80	-$84,367.39	1
25120458	Closed and Complete	Refund Required	3/29/2018	PV	384	$18,774.33	$8,980.74	-$9,793.59	1
Grand Total						**$7,339,647.67**	**$6,808,984.02**	**-$530,663.65**	**46**

NERI 15-3

Request:

Subject: Book 4 – Rosario, Jr., Amaral III, Constable, and Isberg

Reference the statement on p. 72, ll. 12-15, that "Although the Company has not performed a cost-benefit analysis in relation to hiring additional DG personnel, the proposal presents qualitative considerations in the form of the benefits discussed above, and will further the state's renewable energy goals. As a result, the Company's proposal for additional personnel is consistent with the Docket 4600 Guidance Document and should be approved." Please explain why the Company did not perform a cost-benefit analysis in relation to hiring additional DG personnel. How can the Company claim the proposal is consistent with Docket 4600 Guidance Document if the Company did not conduct the analysis called for in the Docket 4600 Document?

Response:

As recognized in the question, the Public Utilities Commission (PUC) adopted a Benefit-Cost Framework as part of its Docket 4600 Guidance Document. In the Docket 4600 Guidance Document, the PUC expressed that a proponent of any new rate design proposal should discuss the costs, benefits, and how other elements were considered in putting forth the new proposal for the PUC's consideration (Docket 4600 Guidance Document at 6). The PUC directly stated that:

> Where the costs and benefits can be quantified, the proponent should provide such information and the basis for the conclusion reached. Where quantification is not possible or not practical, the proponent should so explain.

(id. at 6).

The PUC further stated:

> As stated in the PUC's Order No. 22851, the Benefit-Cost Framework will not be the exclusive measure of whether a specific proposal should be approved. For example, there may be outside factors that need to be considered by the PUC regardless of whether a specific proposal is determined to be cost-effective or not. *This may include statutory mandates or other qualitative considerations.* This is consistent with the PUC's broad regulatory authority in setting just and reasonable rates.

(id. at 7) (emphasis added).

Prepared by or under the supervision of: Ryan Constable

The hiring of additional Distributed Generation (DG) personnel is a new proposal put forth by the Company in this case. However, the hiring of additional DG personnel is not an initiative undertaken on a "cost benefit" basis, nor susceptible to quantification of costs and benefits. Instead, the hiring of additional DG personnel is necessary to meet the Company's statutory obligations in relation to the interconnection of DG resources to further state policy goals for the introduction of DG resources, as well as to meet the timeline for processing of DG applications mandated by law. Therefore, the addition of DG personnel is appropriately analyzed within the context of the Docket 4600 Guidance Document on the basis of "statutory mandates or other qualitative considerations," as specifically directed therein.

The number of DG interconnection applications has increased significantly over the past five years. The need for additional employees to interconnect viable projects through the construction stage of the interconnection process is critical even without consideration of interconnection growth, which is the goal of Rhode Island public policy. The Company currently has over 1,000 applications applying for over 390 MW with estimated in service dates in 2018. Using a 54 percent expected success rate, this results in an estimated 210 MW due for interconnection in 2018, driving the need for new employees to accomplish the related interconnection processing. Both the low and high-case forecasts exceed the latest revision extending the Renewable Energy Growth Program an additional ten years from 2020 through 2029, and increasing the annual target to 40 MW per year with a total cumulative procurement of 400 MW. Consequently, actual data, forecasted sensitivities, and state policy initiatives are driving the increase in DG interconnection applications and associated work load.

This increase in larger-sized and more complex applications is further compounded by the Amended DG Interconnection Statute, which took effect as of July 1, 2017 and mandates aggressive timeframes for the completion of the interconnection work, from the application stage through completion of the system modifications. As a result of the new law, the Company is facing the challenge of having to complete various tasks and operations simultaneously to meet the statutory deadlines, necessitating a need for additional personnel. The Company expects to be held accountable for meeting these deadlines and, therefore, must plan for an adequate level of staffing to meet those requirements.

Therefore, consistent with the analytical construct established by the PUC in the Docket 4600 Guidance Document, the additional DG personnel are necessary and appropriate to meet both statutory mandates and qualitative considerations, including the deep commitment of the State of Rhode Island to renewable energy goals.

NERI 15-4

Request:

Subject: Book 4 – Rosario, Jr., Amaral III, Constable, and Isberg

Why the large investment in an energy innovation hub just before this rate case? Who authorized/controlled expenditure? Subjected to docket 4600 cost benefit analysis? Why do customers need this more than other investment priorities? Now seeking forgiveness rather than approval?

Response:

Timing: The timing of the Rhode Island Energy Innovation Hub was based on the opportunity to present a culmination of Rhode Island's recent energy accomplishments along with an imperative to actively promote the State's significant energy-related goals in an innovative customer-engagement platform. As referenced in the Company's response to part b. of NERI 4-10, a copy of which is provided as Attachment NERI 15-4 for ease of reference, the Company socialized the concept of the Energy Innovation Hub with state energy leaders and energy efficiency stakeholders, all of whom supported the idea of a hands-on experience that would empower customers to take action to reduce their energy consumption and to elevate the conversation around energy solutions. The Hub is a space that is designed to elicit ideas and elevate the conversation around energy solutions.

A few of the components that went into the genesis of the Energy Innovation Hub are:

- Energy Efficiency: Rhode Island has been ranked within the top four states in the United States for energy efficiency in the past four years. Promoting this accomplishment side-by-side with the robust energy efficiency programs and innovative solutions can help to inspire Rhode Islanders to take action to further advance the State in its energy leadership. Rhode Island's energy efficiency rankings over the last four years have been:
    - 2017: #3
    - 2016: #4
    - 2015: #4
    - 2014: #3

- 2015 State Energy Plan: The "Energy 2035, Rhode Island State Energy Plan", outlines "goals and policies to improve energy security, cost-effectiveness, and sustainability in all sectors of energy production and consumption." The information presented in the Hub helps customers to make informed decisions about their energy consumption and energy choices that will contribute to advance Rhode Island's energy goals.

Prepared by or under the supervision of: John Isberg

- Renewable Energy Generation: The Block Island Wind Farm, the first off-shore wind farm in the United States, is a landmark project that demonstrates innovation, cutting edge technology, and partnership among many stakeholders. Promoting the success of this project in the Energy Innovation Hub guides enthusiastic conversations about the State's commitment to renewable technology, innovation, the clean energy future, and jobs. The image of the Block Island Wind Farm creates a clear segue into educating customers about all of the renewable wind and solar generation already in the State and encouraging customers to consider renewable energy for their home, work, municipalities, and communities.

- Electric Vehicles: The adoption of electric vehicles (EVs) is a large component of the State's plan to achieve its greenhouse gas reduction goals and also lends to the discussion about strategic/beneficial electrification to address the new electric load of the vehicles. The EV exhibit at the Energy Innovation Hub shows the current EV infrastructure and information about the evolution of the EV as a way to help customers consider a purchase in the future.

- Innovation: Today's society is driven by innovation. By presenting innovative technologies, strategies, and partnerships at the Hub, customers can gain insight on how their utility company is working to maintain its infrastructure to provide safe and reliable service to customers, which supports the clean energy future.

Authorization of the Hub: The Energy Innovation Hub is comprised of 50 percent energy efficiency content and the remaining 50 percent content addresses renewable technology, clean energy future, and innovation. The 50 percent energy efficiency cost was approved by the Public Utilities Commission in the 2018 Energy Efficiency Program Plan, Docket No. 4755, as a marketing program to build awareness, educate customers, and drive participation in the Company's efficiency offerings and services. Based on 50 percent of the content and cost of the Hub addressing topics other than energy efficiency, it is appropriate for the Company to seek funding for the Hub for the remaining 50 percent content described above in the Company's current rate case.

Docket 4600 cost benefit analysis: The Company has presented information on the benefits and costs of the Energy Innovation Hub in the Pre-Filed Direct Testimony of John F. Isberg, at Pages 36-37 and 41-42 (Bates Pages 123-124 and 128-129 of Book 4).

Why customers need the Energy Innovation Hub: Today, people learn through experience, among other ways, and look for innovative ways to learn and take action. The Hub is an innovative awareness and marketing platform for customers to learn about programs, policies, and initiatives quickly that can impact the choices they make to reduce their energy costs and to elevate environmental awareness. Marketing is an integral, and significant, component of all

energy-related programs and is conducted in many forms from bill inserts to customer expos to the experiential Energy Innovation Hub.

NERI 15-5

Request:

Subject: Book 4 – Rosario, Jr., Amaral III, Constable, and Isberg

Reference the statement on p. 43, ll. 5-8, that "The Company proposes to recover half of the total costs, or $237,500, through base distribution rates, and has sought to recover the other half of the costs, $237,500, through its Energy Efficiency Program Plan for 2018, which was filed November 1, 2017 in Docket No. 4755." Has the Company already begun implementation of the Hub program? If so, how does the Company propose to treat its investment if the Commission rejects the proposal? Did the Company conduct any cost/benefit analysis of the Hub proposal here or in the Energy Efficiency Program Plan proposal?

Response:

The Energy Innovation Hub has been operational since October 2017.

The Company will examine the scenario posed in the data request above if the Public Utilities Commission (PUC) decides not to approve funding to support the Energy Innovation Hub.

The Energy Innovation Hub is a marketing and awareness tool that crosses energy efficiency, renewable technology, and innovation. The energy efficiency portion of the annual operational cost is included as a marketing expense that is allocated across all sectors in the 2018 energy efficiency program portfolio. The Company does not conduct a cost/benefit analysis of individual marketing initiatives. The costs of marketing are included in the overall cost/benefit calculation for each program and the portfolio as a whole. In 2018, the Company determined that each program and the energy efficiency program portfolio as a whole were cost-effective, and the PUC approved the 2018 Energy Efficiency Program Plan at its January 9, 2018 Open Meeting (Docket No. 4755).

The Company has presented information on the benefits and costs of the Energy Innovation Hub in the Pre-Filed Direct Testimony of Company Witness John F. Isberg at Pages 36-37 and 41-42 (Bates Pages 123-124 and 128-129 of Book 4.

Prepared by or under the supervision of: John Isberg