

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 16 -NERI- 6-1 through 6-3
Date of Request: 3.9.18
Response Due Date: Rolling
Subject/Panel: Book 7—Bhargava, Demauro and Ravipaty

- 6-1. Reference the statement on p. 6, ll. 8-10, that “In Rhode Island specifically, National Grid estimates that the implementation of Gas Business Enablement will improve the Company’s ability to provide safe, reliable, and cost-effective delivery of natural gas to its customers.” Did the Company conduct a cost/benefit analysis of its Gas Business Enablement program?

Response can be found on Bates page(s) 1-2.

- 6-2. Reference the statement on p. 44, ll. 8-10, that “Gas Business Enablement Program costs will be allocated using the customer cost causation allocator under the guidelines of the Service Company Cost Allocation Manual.” Please provide references to the ratemaking principles, and any supporting reports, analyses, or other documentation supporting the Company’s proposed allocation methodology.

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

- 6-3. Reference the statement on p. 44, ll. 10-14, that “The majority of the program will be allocated among National Grid’s gas distribution operating companies, with the exception of two workstreams: (i) Scheduling, Dispatch, and Mobility and (ii) Customer Engagement. These two workstreams will provide benefits to the electric distribution companies and therefore the costs associated with them will be shared with National Grid’s electric distribution affiliates.” Please list and describe in detail all of the “benefits to the electric distribution companies” referenced in the statement.

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

NERI 16-1

Request:

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Reference the statement on p. 6, ll. 8-10, that “In Rhode Island specifically, National Grid estimates that the implementation of Gas Business Enablement will improve the Company’s ability to provide safe, reliable, and cost-effective delivery of natural gas to its customers.” Did the Company conduct a cost/benefit analysis of its Gas Business Enablement program?

Response:

Significant time and effort was taken to scope and design the Gas Business Enablement Program to develop a solution that provided the best value for customers over the long term. However, the inherent nature of the Gas Business Enablement investment is not susceptible to evaluation using a “cost-benefit” type of analysis.

There are numerous systems currently utilized by the Company to perform work management, asset management, and customer enablement functions that are fully depreciated, outdated, lacking vendor support, and/or nearing obsolescence. Without question, these systems need to be replaced and upgraded to meet current and future operating requirements. Therefore, the essential value to customers in replacing these systems is the avoidance of a catastrophic failure in which the Company is rendered unable to perform the daily functions that are required to provide safe and reliable service to customers. At this point, there is no prudent and reasonable action for the Company to take that falls short of replacing these systems because a “run to failure” approach is not a valid option.

Therefore, the primary objective of the Gas Business Enablement Program is to accomplish a proactive replacement of systems that are necessary to conduct business with customers. National Grid has not tried to value the cost of catastrophic failure, but rather has recognized the critical need for these assets to be replaced and has undertaken the efforts necessary to achieve this outcome. Similarly, the Gas Business Enablement investment will produce a platform to provide customers with incremental services and capabilities that will make it easier for customers to interact with National Grid. However, these benefits are similarly challenging in terms of assigning a financial value to the benefit customers will gain.

Given the challenges of assigning a specific dollar value to the benefit achieved by a strategy designed to avoid a “run to failure” scenario, the Gas Business Enablement Program is not susceptible to justification on a purely financial benefit basis. National Grid did develop a financial “cost-benefit” analysis to evaluate the enterprise costs for the enhanced capabilities.

This analysis was provided as Attachment DIV 3-53-5 with the Company's response to Division 3-53.

Because the main value to customers was the implementation of updated system capabilities necessary to conduct daily work management, asset management, and customer enablement functions, it was therefore important for National Grid to follow a process that assured that rigorous cost containment procedures were implemented to protect the interests of customers.

The key elements of the process that National Grid followed are described below.

1. A Strategic Assessment that included a thorough evaluation of current assets and capabilities; the future needs of the organization; steps taken by other utilities to develop future-state solutions; and creation of a project roadmap to guide successful implementation. To complete the Strategic Assessment, National Grid conducted a competitive solicitation to engage a qualified partner to complete the project. The selected partner is Accenture, which is the most experienced System Integrator in this area for U.S. utilities. National Grid is leveraging Accenture's experience and expertise to develop the best solution and approach.
2. The engagement of a Design Assurance partner to provide assurance that the solution scope and project expenses are appropriately managed to contain the ultimate cost to customers, while achieving identified project objectives. National Grid engaged PriceWaterhouseCoopers to undertake this assessment and to provide a second opinion that the conclusions reached by Accenture were fit for purpose and that cost assessments were reasonable and appropriate.
3. National Grid conducted a competitive procurement process to select the most competent delivery partners at the best price for customers.
4. Through the contracting process, National Grid secured fixed-price contracts to provide additional protections to customers and a commercial framework, aligning the interests of the delivery partners to the outcomes that are valuable to customers.
5. National Grid has engaged an independent Value Assurance partner to provide regular assessments of the program's progress to confirm that the Project Team is continuously striving to deliver the program on time and on budget for the benefit of customers.

NERI 16-2

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Reference the statement on p. 44, ll. 8-10, that “Gas Business Enablement Program costs will be allocated using the customer cost causation allocator under the guidelines of the Service Company Cost Allocation Manual.” Please provide references to the ratemaking principles, and any supporting reports, analyses, or other documentation supporting the Company’s proposed allocation methodology.

Response:

The allocator selected for Gas Business Enablement is based on the number of gas retail customers in each jurisdiction. The customer allocator is the most appropriate allocation basis for the Gas Business Enablement Program because the business and customer-service processes that will be re-configured as a result of system implementation will function on an integrated basis to change and improve customer service and satisfaction.

More specifically, the Gas Business Enablement Program will enable simple and effective interactions between National Grid and its customers and provide a “self-service” customer experience. Among other functionalities, the new system will enable customers to: (1) schedule appointments with National Grid on their own terms for home or business, (2) change appointments as required to better fit their schedules, (3) receive reminders from National Grid about appointments and other activities, (4) submit photos to National Grid to describe an issue or problem, (5) follow up on the progress and status of work requests and appointments, and (6) view the website to see the deployment of National Grid’s crew(s) in the customer’s vicinity.

NERI 16-3

Request:

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Reference the statement on p. 44, ll. 10-14, that “The majority of the program will be allocated among National Grid’s gas distribution operating companies, with the exception of two workstreams: (i) Scheduling, Dispatch, and Mobility and (ii) Customer Engagement. These two workstreams will provide benefits to the electric distribution companies and therefore the costs associated with them will be shared with National Grid’s electric distribution affiliates.” Please list and describe in detail all of the “benefits to the electric distribution companies” referenced in the statement.

Response:

Electric customer service work as well as Customer Contact Center capabilities for electric customers is included within the scope of the Gas Business Enablement Program and so our electric customers will see benefits as Gas Business Enablement solution is deployed. Please refer to the list of benefits below and the description of those benefits supporting both gas and electric customers.

Initiative Description	Benefit Description	Detail
Customer Interaction	Reduce Move Call Volume through Self-Service	Reduction in external handled move calls through introducing the ability to self-schedule appointments on customer portal.
Customer Interaction	Reduce Non-Move Call Volume through Self-Service	Reduction in internally handled calls through introducing the ability to self-schedule appointments and check for status updates on customer portal.
Work Management & Field Enablement	CMS Collections Jobs - Reduction in Mileage	Reduction in miles driven associated with travel time reduction.
Work Management & Field Enablement	CMS Collections Jobs - Reduction in Travel Time	Reduction in travel time via better scheduling, bundling of work, and optimized routing.
Work Management & Field Enablement	CMS Planned Jobs - Reduction in Mileage	Reduction in miles driven associated with travel time reduction.
Work Management & Field Enablement	CMS Planned Jobs - Reduction in Travel Time	Reduction in travel time via better scheduling, bundling of work, and optimized routing.

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Responses to NERI's Sixteenth Set of Data Requests
Issued March 9, 2018

Work Management & Field Enablement	CMS Planned Jobs - Reduction in UTCs	Reduction in UTCs (<i>i.e.</i> , unable to complete) due to proactive appointment confirmations and preferred channels.
Work Management & Field Enablement	Reduction in Field Tech Communications	Reduction in the communications from the technician to the customer through automation (<i>e.g.</i> , auto call ahead, text, etc.).
Work Management & Field Enablement	Reduction in Meter Verification Jobs	Reduction in meter verification jobs via capturing meter information in the field via pictures attached to the service order and available to call center representatives.