

PUC 1-29

Request:

Please explain the corporate policy on National Grid, service company and Company employee and officer use of Company vehicles, noting the make, model, year, and original cost or annual lease expense of the Company vehicle used by each officer. Please also indicate whether any directors, officers, or other employees of the Company have Company supplied chauffeurs and the test year costs of those chauffeurs.

Response:

The corporate policy is that all National Grid vehicles are vocational in nature and are used for the completion of assignments by field workers. The Service Company does have two executive vehicles plus a driver for the Executive Director and US President. The driver works for the Corporate Security department and the vehicles are based at National Grid's Reservoir Woods office.

The Test Year costs for the driver are as follows by company:

Narragansett Electric Company – \$465.77

Unit 26114
Make – Ford
Model – Expedition
Year – 2016
Original Cost - \$60,796

Unit 27501
Make – Ford
Model – Expedition
Year – 2017
Original Cost - \$64,930

PUC 1-30

Request:

Please provide the following for the calendar years 2015 and 2016 for each employee, officer, director, shareholder or investor of National Grid, its service companies:

- (a) the amount(s) of all loans or forgiveness of debts provided by the Company to such individual;
- (b) the type(s) and costs(s) of all services provided by the Company to such individual; and
- (c) the type(s) and cost(s) of all products provided by the Company to such individual.

Response:

- (a) Please see the following attachment for the requested information:
 - Attachment PUC 1-30 – The Narragansett Electric Company only for Calendar Year 2015 and 2016.

National Grid Employees Only:

These amounts pertain to the National Grid's Employee Smart Home Program. The Employee Smart Home Program is a marketing program that provides employees with 0% loan financing when they convert their primary residence to natural gas. The program is a way for employees to "go green" and reduce the carbon footprint in their homes and communities. The loans can range from \$800 to \$6,500 with a three-year payback through payroll deduction. The loans can pay for the cost of installation and service lines (according to the applicable tariff) if necessary.

Additionally, National Grid will provide financing for home energy efficiency equipment or services where National Grid is the energy (electric or gas) provider and where energy efficiency programs are available and applicable. This would include Gas-to-Gas Energy Star replacement heating equipment and installation costs, on-demand tankless water heaters and other measures listed in the Employee Smart Home Guidelines. The 0% loans for these measures can range from \$800 to \$6,500. Please note that the Employee Smart Home Program pays for conversion; the customer HEAT loan described below covers efficient equipment only because energy efficiency funds cannot be used for conversion.

National Grid Customers (employees and non-employees):

The Company offers the HEAT loan for residential customers, which provides 0% financing of efficient heating equipment and weatherization of homes but does not include conversion costs. Customers in one- to four-family homes are eligible to apply for a 0% interest HEAT loan to

finance qualifying energy savings upgrades. Loans are available for \$500 - \$25,000 over terms of 24 months - 84 months. The HEAT loan is presented to customers during their No-Cost Home Energy Assessment.

- (b) There were no services provided by the Company to such individuals during calendar year 2015 or 2016.
- (c) There were no products provided by the Company to such individuals during calendar year 2015 or 2016.

1/1/2015 - 12/31/2015

Transactions

Company: Narragansett Electric CO 5360

| Employee ID | Loan Payments |
|-------------|---------------|
| 70048280 | 1,605.76 |
| 70017249 | 1,923.00 |
| 70054323 | 832.00 |
| 70009773 | 479.40 |
| 70048693 | 2,125.17 |
| 70048732 | 2,208.51 |
| 70002130 | 1,198.28 |
| 70048760 | 916.52 |
| 70048765 | 2,197.38 |
| 70711635 | 1,503.99 |

Rollforward

Company: Narragansett Electric CO 5360

| Employee ID | Balance as of 1/1/15 * | Balance as of 12/31/15 |
|-------------|------------------------|------------------------|
| 70048280 | 4,476.84 | 2,871.08 |
| 70017249 | 2,038.54 | 115.54 |
| 70054323 | 6,458.40 | 5,626.40 |
| 70009773 | 479.40 | 0.00 |
| 70048693 | 3,916.46 | 1,791.29 |
| 70048732 | 6,249.98 | 4,041.47 |
| 70002130 | 1,198.28 | 0.00 |
| 70048760 | 6,458.34 | 5,541.82 |
| 70048765 | 4,095.32 | 1,897.94 |
| 70711635 | 4,423.06 | 2,919.07 |

1/1/2016 - 12/31/2016

Transactions

Company: Narragansett Electric CO 5360

| Employee ID | Loan Payments |
|-------------|---------------|
| 70048280 | 1,544.00 |
| 72004150 | 490.00 |
| 70017249 | 115.00 |
| 70054323 | 2,163.20 |
| 70048693 | 1,791.29 |
| 70048732 | 2,083.50 |
| 72010237 | 125.01 |
| 70048760 | 2,083.00 |
| 70048765 | 1,897.94 |
| 70711635 | 1,474.50 |

Rollforward

Company: Narragansett Electric CO 5360

| Employee ID | Balance as of 1/1/16 * | Balance as of 12/31/16 |
|-------------|------------------------|------------------------|
| 70048280 | 2,871.08 | 1,327.08 |
| 72004150 | 12,830.00 | 12,340.00 |
| 70017249 | 115.00 | 0.00 |
| 70054323 | 5,626.40 | 3463.2 |
| 70048693 | 1,791.29 | 0 |
| 70048732 | 4,041.47 | 1957.97 |
| 72010237 | 6,458.33 | 6333.32 |
| 70048760 | 5,541.82 | 3458.82 |
| 70048765 | 1,897.94 | 0 |
| 70711635 | 2,919.07 | 1444.57 |

* Balance shown is either the continuation of a loan taken in the previous year or the opening balance of a loan taken during the year.

PUC 1-31

Request:

Please provide both the dollar amount and percent capitalized of wages, salaries and overheads of each of the employee benefits for each of the last five years.

Response:

Please refer to Attachment AG 1-31 for the capital/expense splits for total wages and salaries and the total benefits for the last five years charged to The Narragansett Electric Company.

NECO Labor (Receiving View)

| Cost Type | Calendar Year | % of Annual Total | Calendar Year (Test Year) | % of Annual Total |
|----------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|---------------------------|-------------------|
| | 2012 | | 2013 | | 2014 | | 2015 | | 2016 | |
| CAPITAL | | | | | | | | | | |
| Pay Overtime | 9,623,733.47 | 7.20% | 13,001,519.93 | 8.68% | 12,824,831.25 | 8.51% | 12,728,437.45 | 8.51% | 13,473,136.96 | 8.31% |
| Normal Time | 34,543,578.91 | 25.84% | 26,295,364.13 | 17.55% | 36,032,668.05 | 23.92% | 35,642,172.20 | 23.84% | 39,427,263.67 | 24.32% |
| Time Not Worked | \$5,631,768.83 | 4.21% | 6,318,079.43 | 4.22% | 9,054,859.24 | 6.01% | 8,527,541.97 | 5.70% | 9,167,367.71 | 5.66% |
| Variable Pay | \$1,659,516.36 | 1.24% | 2,738,033.58 | 1.83% | 3,118,663.96 | 2.07% | 3,417,093.53 | 2.29% | 4,062,082.25 | 2.51% |
| Total CAPITAL | 51,458,597.58 | 38.49% | 48,352,997.07 | 32.27% | 61,031,022.49 | 40.51% | 60,315,245.15 | 40.35% | 66,129,850.59 | 40.80% |
| OPEX | | | | | | | | | | |
| Pay Overtime | \$13,754,227.60 | 10.29% | 17,675,559.75 | 11.80% | 10,744,144.96 | 7.13% | 10,100,282.34 | 6.76% | 10,691,419.40 | 6.60% |
| Normal Time | \$52,268,817.39 | 39.10% | 62,068,249.03 | 41.43% | 54,022,950.18 | 35.86% | 58,282,502.64 | 38.99% | 63,811,250.13 | 39.37% |
| Time Not Worked | \$10,731,281.27 | 8.03% | 13,943,925.09 | 9.31% | 13,001,208.21 | 8.63% | 12,393,237.93 | 8.29% | 12,375,951.68 | 7.64% |
| Variable Pay | 5,463,428.16 | 4.09% | 7,778,363.86 | 5.19% | 11,842,772.26 | 7.86% | 8,397,864.14 | 5.62% | 9,083,778.74 | 5.60% |
| Total OPEX | 82,217,754.43 | 61.51% | 101,466,097.73 | 67.73% | 89,611,075.61 | 59.49% | 89,173,887.04 | 59.65% | 95,962,399.95 | 59.20% |
| Grand Total | 133,676,352.01 | 100% | 149,819,094.80 | 100% | 150,642,098.10 | 100% | 149,489,132.20 | 100% | 162,092,250.54 | 100% |

NECO Employee Benefits (Receiving View)

| Cost Type | Calendar Year | % of Annual Total | Calendar Year (Test Year) | % of Annual Total |
|-----------------------------|----------------------|-------------------|----------------------|-------------------|----------------------|-------------------|----------------------|-------------------|---------------------------|-------------------|
| | 2012 | | 2013 | | 2014 | | 2015 | | 2016 | |
| CAPITAL | | | | | | | | | | |
| FAS106 | 2,084,933.01 | 2.52% | 5,134,774.11 | 7.16% | 2,804,978.70 | 3.61% | 4,734,896.54 | 6.47% | 4,724,359.46 | 5.45% |
| FAS112 | 521,767.61 | 0.63% | 474,200.83 | 0.66% | 760,413.65 | 0.98% | (881,060.77) | -1.20% | (263,777.81) | -0.30% |
| Group Life Insurance | \$466,271.49 | 0.56% | 379,819.37 | 0.53% | 724,568.81 | 0.93% | 674,557.81 | 0.92% | 762,668.56 | 0.88% |
| Health Care | 5,197,616.28 | 6.27% | 5,757,516.31 | 8.03% | 7,948,627.02 | 10.23% | 8,044,778.15 | 11.00% | 9,264,572.43 | 10.70% |
| Other Benefits (190,391.01) | -0.23% | | (415,339.62) | -0.58% | (715,064.24) | -0.92% | 9.76 | 0.00% | 2,398.79 | 0.003% |
| Payroll Taxes | 2,847,332.89 | 3.44% | 3,239,861.25 | 4.52% | 4,580,690.21 | 5.89% | 4,136,780.78 | 5.66% | 4,921,481.48 | 5.68% |
| Pension | 8,589,397.15 | 10.36% | 9,529,804.97 | 13.30% | 9,297,526.77 | 11.96% | 13,925,967.08 | 19.04% | 12,639,590.43 | 14.59% |
| Thrift Plan | 2,044,966.65 | 2.47% | 1,100,591.31 | 1.54% | 1,751,801.72 | 2.25% | 2,275,000.18 | 3.11% | 2,506,062.73 | 2.89% |
| Workers Comp | 918,478.91 | 1.11% | 702,125.19 | 0.98% | 544,628.35 | 0.70% | 679,692.98 | 0.93% | 791,619.00 | 0.91% |
| Total CAPITAL | 22,480,372.98 | 27.12% | 25,903,353.72 | 36.14% | 27,698,170.98 | 35.63% | 33,590,622.49 | 45.93% | 35,348,975.07 | 40.81% |
| OPEX | | | | | | | | | | |
| FAS106 | \$11,516,195.70 | 13.89% | 7,768,812.65 | 10.84% | 8,936,854.98 | 11.50% | 6,507,472.25 | 8.90% | 9,322,984.54 | 10.76% |
| FAS112 | \$2,710,407.39 | 3.27% | 714,282.90 | 1.00% | 207,806.51 | 0.27% | (2,316,636.16) | -3.17% | (367,345.18) | -0.42% |
| Group Life Insurance | \$395,670.37 | 0.48% | 990,115.99 | 1.38% | 1,391,559.75 | 1.79% | 549,295.75 | 0.75% | 934,326.88 | 1.08% |
| Health Care | \$13,908,948.44 | 16.78% | 11,874,812.59 | 16.57% | 8,206,617.06 | 10.56% | 11,717,907.03 | 16.02% | 12,888,951.03 | 14.88% |
| Other Benefits | \$1,787,473.34 | 2.16% | (7,009,227.95) | -9.78% | 566,789.16 | 0.73% | 429,071.21 | 0.59% | 449,129.10 | 0.52% |
| Payroll Taxes | \$7,414,548.41 | 8.95% | 6,115,364.16 | 8.53% | 6,583,033.48 | 8.47% | 6,486,840.12 | 8.87% | 5,982,743.40 | 6.91% |
| Pension | \$18,836,565.23 | 22.73% | 21,536,029.35 | 30.05% | 20,017,112.72 | 25.75% | 12,063,992.80 | 16.50% | 15,907,901.44 | 18.37% |
| Thrift Plan | \$2,451,317.26 | 2.96% | 2,039,606.96 | 2.85% | 3,135,281.34 | 4.03% | 3,248,024.02 | 4.44% | 3,650,896.19 | 4.22% |
| Workers Comp | \$1,381,303.58 | 1.67% | 1,741,994.72 | 2.43% | 992,359.60 | 1.28% | 860,282.43 | 1.18% | 2,493,257.73 | 2.88% |
| Total OPEX | 60,402,429.73 | 72.88% | 45,771,791.37 | 63.86% | 50,037,414.59 | 64.37% | 39,546,249.44 | 54.07% | 51,262,845.13 | 59.19% |
| Grand Total | 82,882,802.71 | 100% | 71,675,145.09 | 100% | 77,735,585.58 | 100% | 73,136,871.93 | 100% | 86,611,820.20 | 100% |

PUC 1-32

Request:

Please provide a five-year history of wage and salary increases for each of the employee groups (e.g. union, clerical, management).

Response:

Please see Attachment PUC 1-32 for the five-year wage and salary increase history for the management and union employee groups of The Narragansett Electric Company and National Grid USA Service Company, Inc. for the period 2013 through 2017.

Management and Union Wage Increase History (2013 - 2017)

| Year | Management | | | Union General Wage Increase* | | | |
|------|------------|--------|-------|-----------------------------------|---------|---|-----------|
| | Merit | Equity | Total | The Narragansett Electric Company | | National Grid USA Service Company, Inc. | |
| | | | | USW 12431, UWUA/BUW 310B, BUW 310 | TWU 101 | IBEW 326, UWUA 369, UWUA 369 CC, IBEW 486 | USW 12003 |
| 2013 | 2.70% | 0.48% | 3.18% | 2.50% | 2.50% | 2.50% | 2.50% |
| 2014 | 2.50% | 0.73% | 3.23% | 2.50% | 2.50% | 2.50% | 2.50% |
| 2015 | 0.00% | 0.43% | 0.43% | 2.50% | 2.50% | 2.50% | 2.50% |
| 2016 | 2.50% | 0.70% | 3.20% | 2.50% | 2.50% | 2.50% | 2.25% |
| 2017 | 2.50% | 1.14% | 3.64% | 2.50% | 1.50% | 2.50% | 2.25% |

* Excludes progression step increases which are similar to non-union job family promotions