

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: THE NARRAGANSETT ELECTRIC COMPANY :
d/b/a NATIONAL GRID – ELECTRIC AND GAS : DOCKET NO. 4770
DISTRIBUTION RATE FILING :

COMMISSION’S TENTH SET OF DATA REQUESTS
DIRECTED TO NATIONAL GRID
(Issued May 9, 2018)

Terminations, Collections & Arrearages

10-1. Please update the Company’s response to PUC-1-83-1 and 1-83-2 to present to include terminations for the full calendar years 2014-2017.

Response can be found on Bates page(s) 1-5.

10-2. Please revise the Company’s response to PUC-1-56 to match the updated time periods in PUC-10-1 (CY 2014-2017).

Response can be found on Bates page(s) 6-10.

10-3. Referencing PUC-1-85-2, Attachment 2, Year 2016, please explain the large reduction in residential customers from November to December. Year 2017, please explain the large increase in residential customers from October to November.

Response can be found on Bates page(s) 11.

10-4. How many residential customers does Niagara Mohawk have (please separate electric and gas)?

Response can be found on Bates page(s) 12.

10-5. For each of the time periods used in 10-1 and 10-2, provide the following:

- (a) The fraction of Residential terminations that are A-16 accounts
- (b) The fraction of Residential terminations that are A-60 accounts
- (c) The fraction of Residential terminations that are Residential Heating accounts
- (d) The fraction of Residential terminations that are Residential Non-Heating accounts
- (e) The fraction of Residential terminations that are Residential Low-Income Heating accounts
- (f) The fraction of Residential terminations that are Residential Low-Income Non-Heating accounts

Response can be found on Bates page(s) 13-14.

- 10-6. Regarding Niagara Mohawk business, for each of the five years used in the Termination and Uncollectible Expense Metric, provide the following:
- (a) The fraction of Residential terminations that are Residential electric (identify each of the classes if there is more than one)
 - (b) The fraction of Residential terminations that are Residential electric low-income (identify each of the classes if there is more than one)
 - (c) The fraction of Residential terminations that are Residential Heating
 - (d) The fraction of Residential terminations that are Residential Non-Heating
 - (e) The fraction of Residential terminations that are Residential Low-Income Heating
 - (f) The fraction of Residential terminations that are Residential Low-Income Non-Heating

Response can be found on Bates page(s) 15-16.

- 10-7. For the time periods used in 10-1 and 10-2, what were following net uncollectible expense fractions
- (a) The fraction of Residential net uncollectible expenses that were attributed to A-16 accounts
 - (b) The fraction of Residential net uncollectible expenses that were attributed to A-60 accounts
 - (c) The fraction of Residential net uncollectible expenses that were attributed to Residential Heating accounts
 - (d) The fraction of Residential net uncollectible expenses that were attributed to Residential Non-Heating accounts
 - (e) The fraction of residential net uncollectible expenses that were attributed to Residential Low-Income Heating accounts
 - (f) The fraction of residential net uncollectible expenses that were attributed to Residential Low-Income Non-Heating accounts

Response can be found on Bates page(s) 17-18.

- 10-8. Referencing the Settlement in NYPSC Docket Nos. 17-E-0238 and 17-G-0239 (other citations omitted), pages 81-82 (Termination and Uncollectible Expense Metric) please explain:
- (a) how the positive and negative targets were set (the basis);
 - (b) how the positive and negative incentive amounts were set (the basis);
 - (c) whether the four listed incentive options are fixed amounts or whether the Company can earn a percentage of them. If the Company can earn a percentage, please explain.

Response can be found on Bates page(s) 19-20.

- 10-9. What are some measures Niagara Mohawk is implementing to meet the NY Termination and Uncollectible Expense Metric?

Response can be found on Bates page(s) 21.

10-10 Is it possible for Niagara Mohawk to meet the NY Termination and Uncollectible Expense Metric simply by allowing customers to retain service and allowing arrearages to grow? Why or why not?

Response can be found on Bates page(s) 22.

10-11. What is the projected cost to Niagara Mohawk of meeting the 5-year historical averages listed in the NY Termination and Uncollectible Expense Metric (no incentives or penalties)?

Response can be found on Bates page(s) 23.

10-12. Were any expenses included in the rate settlement to pay for Company activities related to meeting the NY Termination and Uncollectible Expense Metric? If so, please itemize and total.

Response can be found on Bates page(s) 24.

10-13. Please identify any Public Utilities Commission regulations or orders that would limit the Company's ability to implement a metric similar to the NY Termination and Uncollectible Expense Metric in Rhode Island. Explain fully.

Response can be found on Bates page(s) 25.

10-14. Please identify any Division of Public Utilities and Carriers regulations or orders that would limit the Company's ability to implement a metric similar to the NY Termination and Uncollectible Expense Metric in Rhode Island. Explain fully.

Response can be found on Bates page(s) 26.

10-15. Please identify any state law that would limit the Company's ability to implement a metric similar to the NY Termination and Uncollectible Expense Metric in Rhode Island. Explain fully.

Response can be found on Bates page(s) 27.

10-16. Please identify any Court order that would limit the Company's ability to implement a metric similar to the NY Termination and Uncollectible Expense Metric in Rhode Island. Explain fully.

Response can be found on Bates page(s) 28.

10-17. Please create a line graph with the years on the horizontal-axis and residential gas terminations on the left vertical axis and residential gas net write-offs on the right vertical axis over the Calendar Years 2014-2017. Please explain the reasons for any trends.

Response can be found on Bates page(s) 29-30.

10-18. Please create a line graph with the years on the horizontal-axis and residential electric terminations on the left vertical axis and residential electric net write-offs on the right vertical axis over the Calendar Years 2014-2017. Please explain the reasons for any trends.

Response can be found on Bates page(s) 31-32.

10-19. Please create a line graph with the years on the horizontal-axis and residential gas average annual arrears over 30 days on the left vertical axis and residential gas net write-offs on the right vertical axis over the Calendar Years 2014-2017. Please explain the reasons for any trends.

Response can be found on Bates page(s) 33-34.

10-20. Please create a line graph with the years on the horizontal-axis and residential electric average annual arrears over 30 days on the left vertical axis and residential electric net write-offs on the right vertical axis over the Calendar Years 2014-2017. Please explain the reasons for any trends.

Response can be found on Bates page(s) 35-36.

PUC 10-1

Request:

Please update the Company's response to PUC-1-83-1 and 1-83-2 to present to include terminations for the full calendar years 2014-2017.

Response:

For Narragansett Electric, please see Attachment PUC 10-1-1, which provides the number of physical terminations for each month by Residential-Protected, Residential-Standard, and Non-Residential for the full calendar years 2014-2017.

For Narragansett Gas, please see Attachment PUC 10-1-2, which provides the number of physical terminations for each month by Residential-Protected, Residential-Standard, and Non-Residential for the full calendar years 2014-2017.

NARRAGANSETT ELECTRIC

2014

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Residential													
Protected	0	0	0	0	1,134	711	700	886	966	1,032	0	0	5,429
Standard	1	0	0	437	481	1,225	1,863	2,001	2,476	2,213	0	4	10,701
Sub Total Res	1	0	0	437	1,615	1,936	2,563	2,887	3,442	3,245	0	4	16,130
Non-Residential	52	31	48	64	17	29	57	98	112	82	8	25	623
Total	53	31	48	501	1,632	1,965	2,620	2,985	3,554	3,327	8	29	16,753

2015

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Residential													
Protected	0	0	0	0	1,676	1,185	763	738	973	831	0	0	6,166
Standard	3	0	20	454	1,390	2,421	1,629	1,242	1,926	1,598	54	106	10,843
Sub Total Res	3	0	20	454	3,066	3,606	2,392	1,980	2,899	2,429	54	106	17,009
Non-Residential	23	14	36	91	55	82	114	47	85	37	76	83	743
Total	26	14	56	545	3,121	3,688	2,506	2,027	2,984	2,466	130	189	17,752

2016

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Residential													
Protected	0	0	0	0	419	317	223	304	222	159	0	0	1,644
Standard	127	272	360	1,027	2,709	3,076	1,914	2,401	2,455	2,487	49	30	16,907
Sub Total Res	127	272	360	1,027	3,128	3,393	2,137	2,705	2,677	2,646	49	30	18,551
Non-Residential	96	87	102	75	91	440	92	124	111	105	52	92	1,467
Total	223	359	462	1,102	3,219	3,833	2,229	2,829	2,788	2,751	101	122	20,018

2017

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Residential													
Protected	0	0	0	0	87	81	56	59	60	51	0	0	394
Standard	282	124	168	497	2,590	3,683	2,036	2,471	1,923	2,459	2	0	16,235
Sub Total Res	282	124	168	497	2,677	3,764	2,092	2,530	1,983	2,510	2	0	16,629
Non-Residential	97	52	69	119	72	81	78	91	36	84	35	16	830
Total	379	176	237	616	2,749	3,845	2,170	2,621	2,019	2,594	37	16	17,459

NARRAGANSETT GAS

2014

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Residential													
Protected	0	0	0	0	923	542	366	375	495	442	0	0	3,143
Standard	54	43	166	965	1,003	1,547	1,329	1,004	1,062	733	29	77	8,012
Sub Total Res	54	43	166	965	1,926	2,089	1,695	1,379	1,557	1,175	29	77	11,155
Non-Residential	38	30	51	115	178	112	23	47	52	45	30	36	757
Total	92	73	217	1,080	2,104	2,201	1,718	1,426	1,609	1,220	59	113	11,912

2015

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Residential													
Protected	0	0	0	0	832	608	416	407	405	355	0	0	3,023
Standard	0	0	285	831	987	1,241	795	681	760	655	18	71	6,324
Sub Total Res	0	0	285	831	1,819	1,849	1,211	1,088	1,165	1,010	18	71	9,347
Non-Residential	34	16	83	109	132	113	104	40	40	42	17	7	737
Total	34	16	368	940	1,951	1,962	1,315	1,128	1,205	1,052	35	78	10,084

2016

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Residential													
Protected	0	0	0	0	175	196	147	164	103	122	0	0	907
Standard	100	186	346	434	1,280	1,513	1,136	1,294	678	604	24	16	7,611
Sub Total Res	100	186	346	434	1,455	1,709	1,283	1,458	781	726	24	16	8,518
Non-Residential	30	24	80	98	92	92	91	53	33	30	17	18	658
Total	130	210	426	532	1,547	1,801	1,374	1,511	814	756	41	34	9,176

2017

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Residential													
Protected	0	0	0	0	37	24	18	14	25	32	0	0	150
Standard	146	128	241	311	1,615	1,553	1,040	845	945	903	2	0	7,729
Sub Total Res	146	128	241	311	1,652	1,577	1,058	859	970	935	2	0	7,879
Non-Residential	16	21	57	111	71	122	58	46	45	28	24	18	617
Total	162	149	298	422	1,723	1,699	1,116	905	1,015	963	26	18	8,496

PUC 10-2

Request:

Please revise the Company's response to PUC-1-56 to match the updated time periods in PUC-10-1 (CY 2014-2017).

Response:

Please see Attachment PUC 10-2-1 and Attachment PUC 10-2-2, which show the gross write-offs and recoveries for each customer class within the calendar years of 2014-2017 for Narragansett Electric and Narragansett Gas, respectively.

NARRAGANSETT ELECTRIC

(Source: System Rpts CN980MPD #A & #B)

GROSS W-OFF

		CY 2014	CY 2015	CY 2016	CY 2017
		(\$000's)			
	RATE				
Residential					
	A16	\$13,260	\$11,495	\$10,288	\$8,862
	A60	\$4,618	\$4,826	\$3,322	\$4,388
		\$17,879	\$16,321	\$13,610	\$13,251
Non-Residential					
	B62	\$0	\$0	\$0	\$0
	C06	\$1,633	\$1,327	\$1,265	\$1,061
	C08	\$1	\$0	\$11	\$0
	G02	\$883	\$866	\$696	\$746
	G32	\$20	\$278	\$47	\$31
	G62	\$0	\$0	\$0	\$0
	G3F	\$142	\$225	\$65	\$65
	G6F	\$1,010	\$0	\$0	\$505
	S10	\$1	\$17	\$71	\$54
	S14	\$8	\$17	\$1	\$13
	T06	\$0	\$0	\$0	\$0
		\$3,709	\$2,730	\$2,156	\$2,475
		\$21,588	\$19,051	\$15,766	\$15,725

RECOVERY

		CY 2014	CY 2015	CY 2016	CY 2017
		(\$000's)			
	RATE				
Residential					
	A16	\$4,989	\$4,755	\$4,136	\$3,754
	A60	\$1,498	\$1,440	\$1,393	\$1,357
		\$6,487	\$6,195	\$5,529	\$5,111
Non-Residential					
	B32	\$0	\$2	\$0	\$0
	B62	\$0	\$0	\$0	\$0
	C06	\$284	\$399	\$262	\$218
	C08	\$2	\$0	\$0	\$1
	G02	\$221	\$245	\$79	\$193
	G32	\$5	\$28	\$232	\$5
	G62	\$0	\$0	\$0	\$0
	G3F	\$151	\$0	\$57	\$49
	G6F	\$505	\$0	\$0	\$655
	S10	\$1	\$4	\$6	\$0
	S14	\$0	\$12	\$0	\$0
	T06	\$0	\$0	\$0	\$0
		\$1,168	\$691	\$636	\$1,121
		\$7,655	\$6,886	\$6,166	\$6,232
Net Write-Off Before Adjstmnts		\$13,933	\$12,166	\$9,601	\$9,493

NET WRITE-OFF BY RATE

	CY 2014	CY 2015	CY 2016	CY 2017
	(\$000's)			
RATE				
Residential				
A16	\$8,272	\$6,740	\$6,151	\$5,108
A60	\$3,120	\$3,386	\$1,929	\$3,031
	\$11,392	\$10,126	\$8,081	\$8,140
Non-Residential				
B32	\$0	(\$2)	\$0	\$0
B62	\$0	\$0	\$0	\$0
C06	\$1,349	\$928	\$1,002	\$843
C08	(\$1)	(\$0)	\$11	(\$1)
G02	\$662	\$621	\$617	\$553
G32	\$15	\$250	(\$184)	\$25
G62	\$0	\$0	\$0	\$0
G3F	(\$9)	\$225	\$9	\$16
G6F	\$505	\$0	\$0	(\$150)
S10	\$12	\$13	\$65	\$54
S14	\$8	\$5	\$1	\$13
T06	\$0	\$0	\$0	\$0
	\$2,541	\$2,040	\$1,520	\$1,354
Net Write-Off Before Adjstmnts	\$13,933	\$12,166	\$9,601	\$9,493
Other System Journals	\$2,909	\$2,055	\$1,473	\$184
Net A/R Write off	\$16,842	\$14,221	\$11,074	\$9,678

NET WRITE-OFF BY RATE

	CY 2014	CY 2015	CY 2016	CY 2017
	(\$000's)			
RATE				
Residential				
Residential Non-Heating	\$500	\$379	\$298	\$164
Residential Low Inc Non-Heating	\$51	\$27	\$2	\$11
Residential Heating	\$7,409	\$4,637	\$4,204	\$3,723
Residential Low Inc Heating	\$2,549	\$1,465	\$520	\$1,178
	\$10,508	\$6,508	\$5,023	\$5,076
Non-Residential				
Small Commercial General	\$520	\$276	\$285	\$236
Medium Commercial General	\$230	\$102	(\$1)	\$199
Large Low Load Factor	\$51	(\$36)	\$14	\$3
Large High Load Factor	\$11	\$0	\$0	\$5
Extra Large Low Load Factor	\$0	\$535	\$0	\$0
Extra Large High Load Factor	(\$23)	\$0	\$20	\$10
	\$789	\$878	\$318	\$452
Net Write-Off Before Adjstmnts	\$11,297	\$7,386	\$5,341	\$5,528
Other System Journals	(\$2,520)	(\$1,454)	(\$1,121)	\$113
Net A/R Write off	\$8,777	\$5,933	\$4,220	\$5,641

PUC 10-3

Request:

Referencing PUC-1-85-2, Attachment 2, Year 2016, please explain the large reduction in residential customers from November to December. Year 2017, please explain the large increase in residential customers from October to November.

Response:

The Company's billing reports provide customer counts based on the number of bills processed in a billing month. Attachment PUC-1-85-2 presents the number of bills issued in a billing month, as opposed to the number of active customers in a month. The reason for the reduction in residential customers from November 2016 to December 2017 and the increase in residential customers from October 2017 to November 2017 is due to the meter reading schedules for those billing months, because, occasionally, the meter reading schedules for bill groups near the end of the month shift one day earlier or later, which causes some accounts to get billed twice in a month or skip a month. However, when you look at multi-month averages, the trend should be fairly flat.

In the November 2016 billing month, there were 16,910 A-16 and 2,217 A-60 accounts that received more than one bill compared to 8,547 and 1,932, respectively, in the December 2016 billing month. Customers who had their meters read at the end of the month received two bills in the November billing month. Specifically, many customers who had meter reads between October 26 and October 28 also had meters read on November 28 or November 29 and received two bills in the November billing month. The meter read dates of October 26 and October 27 were part of the October billing cycles; however, some of the bills associated with these meter read dates were not processed until the beginning of November.

Although detailed account information was not readily available for the end of calendar year 2017, based on the meter read schedule for October and November 2017, a similar situation existed where October's meter reads ended on October 27. The meter reads for November, however, did not end until November 29. Therefore, some customers whose meter was read at the end of the month would not have received a bill in October, but would have received two bills in November.

PUC 10-4

Request:

How many residential customers does Niagara Mohawk have (please separate electric and gas)?

Response:

As of May 1, 2018, Niagara Mohawk Power Corporation had 572,451 gas service accounts and 1,496,820 electric service accounts.

PUC 10-5

Request:

For each of the time periods used in 10-1 and 10-2, provide the following:

- (a) The fraction of Residential terminations that are A-16 accounts
- (b) The fraction of Residential terminations that are A-60 accounts
- (c) The fraction of Residential terminations that are Residential Heating accounts
- (d) The fraction of Residential terminations that are Residential Non-Heating accounts
- (e) The fraction of Residential terminations that are Residential Low-Income Heating accounts
- (f) The fraction of Residential terminations that are Residential Low-Income Non-Heating accounts

Response:

Please note the data for calendar year 2014 is not included because it has been archived. Also, the classification into rate classes is based on the premises' current classification, which may be different than the account's rate class at the time of the termination.

- (a) 2015: 83%
2016: 90%
2017: 82%
- (b) 2015: 17%
2016: 10%
2017: 18%
- (c) 2015: 96%
2016: 95%
2017: 96%

- (d) 2015: 4%
- 2016: 5%
- 2017: 4%
- (e) 2015: 18%
- 2016: 12%
- 2017: 17%
- (f) 2015: 0.15%
- 2016: 0.21%
- 2017: 0.27%

PUC 10-6

Request:

Regarding Niagara Mohawk business, for each of the five years used in the Termination and Uncollectible Expense Metric, provide the following:

- (a) The fraction of Residential terminations that are Residential electric (identify each of the classes if there is more than one)
- (b) The fraction of Residential terminations that are Residential electric low-income (identify each of the classes if there is more than one)
- (c) The fraction of Residential terminations that are Residential Heating
- (d) The fraction of Residential terminations that are Residential Non-Heating
- (e) The fraction of Residential terminations that are Residential Low-Income Heating
- (f) The fraction of Residential terminations that are Residential Low-Income Non-Heating

Response:

The responses to parts (a) through (f) are set forth below. Please note the following with respect to the information:

- Dual service accounts are counted under the termination percentages for both residential electric as well as residential heating/non-heating.
- The responses provide data from 2015 through 2017 because data prior to 2015 has been archived and is no longer readily available.
- The Company used the following criteria to define a “low income customer” in the analysis: the existence of any open Regular Home Energy Assistance Program Suspend or open Emergency HEAP Suspend, or the receipt of any HEAP payment within the 14-month period prior to the cut-off for non-payment.

- (a) 2015 – 99%
2016 – 99%
2017 – 99%
- (b) 2015 – 25%
2016 – 26%
2017 – 25%

- (c) 2015 – 45%
2016 – 43%
2017 – 42%

- (d) 2015 – 3%
2016 – 3%
2017 – 3%

- (e) 2015 – 14%
2016 – 14%
2017 – 13%

- (f) 2015 – 1%
2016 – 1%
2017 – 0.5%

PUC 10-7

Request:

For the time periods used in 10-1 and 10-2, what were following net uncollectible expense fractions

- (a) The fraction of Residential net uncollectible expenses that were attributed to A-16 accounts
- (b) The fraction of Residential net uncollectible expenses that were attributed to A-60 accounts
- (c) The fraction of Residential net uncollectible expenses that were attributed to Residential Heating accounts
- (d) The fraction of Residential net uncollectible expenses that were attributed to Residential Non-Heating accounts
- (e) The fraction of residential net uncollectible expenses that were attributed to Residential Low-Income Heating accounts
- (f) The fraction of residential net uncollectible expenses that were attributed to Residential Low-Income Non-Heating accounts

Response:

For the responses to parts (a) through (f), please see Attachment PUC 10-7, which shows the fraction of Residential net uncollectible expenses for each of A-16, A-60, Residential Heating, Residential Non-Heating, Residential Low-Income Heating, and Residential Low-Income Non-Heating accounts. Please note that net uncollectible expenses are referred to as Net A/R Write-offs.

NET WRITE-OFF BY RATE
(\$000's)

RATE	CY		CY		CY		CY	
	2014		2015		2016		2017	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
ELECTRIC								
A16	\$8,272	49.1%	\$6,740	47.4%	\$6,151	55.5%	\$5,108	52.8%
A60	\$3,120	27.4%	\$3,386	33.4%	\$1,929	23.9%	\$3,031	37.2%
	\$11,392		\$10,126		\$8,081		\$8,140	
Electric Net A/R Write-off	\$16,842		\$14,221		\$11,074		\$9,678	
GAS								
Residential Non-Heating	\$500	5.7%	\$379	6.4%	\$298	7.1%	\$164	2.9%
Residential Low Inc Non-Heating	\$51	0.6%	\$27	0.5%	\$2	0.0%	\$11	0.2%
Residential Heating	\$7,409	84.4%	\$4,637	78.2%	\$4,204	99.6%	\$3,723	66.0%
Residential Low Inc Heating	\$2,549	29.0%	\$1,465	24.7%	\$520	12.3%	\$1,178	20.9%
	\$10,508		\$6,508		\$5,023		\$5,076	
Gas Net A/R Write-off	\$8,777		\$5,933		\$4,220		\$5,641	
ELECTRIC + GAS								
Total Net A/R Write-off	\$25,619		\$20,153		\$15,294		\$15,319	

PUC 10-8

Request:

Referencing the Settlement in NYPSC Docket Nos. 17-E-0238 and 17-G-0239 (other citations omitted), pages 81-82 (Termination and Uncollectible Expense Metric) please explain:

- (a) how the positive and negative targets were set (the basis);
- (b) how the positive and negative incentive amounts were set (the basis);
- (c) whether the four listed incentive options are fixed amounts or whether the Company can earn a percentage of them. If the Company can earn a percentage, please explain.

Response:

In negotiations between the New York Department of Public Service Staff Consumer Service Panel and Niagara Mohawk Power Corporation (Niagara Mohawk), it was agreed to use the average terminations and bad debt data from the five most recent years (2012-2016) as the basis for the calculation, and to use two standard deviations to calculate the positive and negative targets. The calculations were then rounded to the nearest thousand for the terminations and the nearest hundred thousand for the bad debt. The calculations are set forth below:

Terminations		Bad Debt	
Year	Data	Year	Data
2012	48,524	2012	\$48,304,472
2013	49,632	2013	\$47,665,894
2014	62,772	2014	\$64,642,285
2015	64,270	2015	\$55,662,760
2016	64,634	2016	\$47,467,777
Average	57,966	Average	\$52,748,637
St Dev	7,293	St Dev	\$6,684,659
2 x St Dev	14,585	2 x St Dev	\$13,369,318
Positive Incentive		Positive Incentive	
Target Calculation	43,381	Target Calculation	39,379,319
Positive Incentive		Positive Incentive	
Target (Rounded)	43,000	Target (Rounded)	\$39,400,000
Positive Incentive		Positive Incentive	
Target Calculation	72,552	Target Calculation	66,117,955
Positive Incentive		Positive Incentive	
Target (Rounded)	72,000	Target (Rounded)	\$66,100,000

The incentive amounts were calculated as seven basis points of the rate case amount if both targets are met and three basis points if one target is met.

PUC 10-9

Request:

What are some measures Niagara Mohawk is implementing to meet the NY Termination and Uncollectible Expense Metric?

Response:

The Credit and Collections department for Niagara Mohawk Power Corporation (Niagara Mohawk) has allocated the annual target number of terminations across the calendar months, based on prior years' distribution. Because of restrictions on terminations during winter months, Niagara Mohawk performs the majority of its residential terminations during warm weather. Each month, the number of actual terminations to date are compared to the targets. If needed, the termination targets for the remaining months of the year are adjusted accordingly.

As discussed in the Company's response to PUC 10-10, uncollectible expense is not tied directly to terminations for non-payment and is much less subject to company control. The Credit and Collections department for Niagara Mohawk implements a full range of measures to reduce account arrearage, which is the sole direct factor driving uncollectible expense. Collection measures include a robust outbound calling program; prudent management of payment plans; timely field termination; judicious account initiation practices; and, for accounts protected from termination, legal measures such as judgments and liens.

PUC 10-10

Request:

Is it possible for Niagara Mohawk to meet the NY Termination and Uncollectible Expense Metric simply by allowing customers to retain service and allowing arrearages to grow? Why or why not?

Response:

No, if Niagara Mohawk Power Corporation (Niagara Mohawk) were to cease terminations for the purposes of non-payment, or to limit terminations significantly, the terminations metric would be easily met. This metric is the direct measurement of terminations for non-payment and rests almost entirely within Niagara Mohawk's control. However, the NY Termination Metric is directly linked to maintaining or lowering uncollectible expense. By allowing the arrearage to grow, the Company would be increasing uncollectible expense absent other actions.

PUC 10-11

Request:

What is the projected cost to Niagara Mohawk of meeting the 5-year historical averages listed in the NY Termination and Uncollectible Expense Metric (no incentives or penalties)?

Response:

Niagara Mohawk Power Corporation anticipates that a three percent rise in collections-related costs over the current level of spending will be required to maintain the five-year historical averages listed in the NY Termination and Uncollectible Expense Metric (no incentives or penalties).

PUC 10-12

Request:

Were any expenses included in the rate settlement to pay for Company activities related to meeting the NY Termination and Uncollectible Expense Metric? If so, please itemize and total.

Response:

No incremental expenses were included in the rate settlement to pay for Niagara Mohawk Power Corporation activities related to meeting the NY Termination and Uncollectible Expense Metric.

PUC 10-13

Request:

Please identify any Public Utilities Commission regulations or orders that would limit the Company's ability to implement a metric similar to the NY Termination and Uncollectible Expense Metric in Rhode Island. Explain fully.

Response:

The Company is not aware of any Public Utilities Commission regulation or order that would limit the Company's ability to implement such a metric. However, any regulation or order that hinders the Company's ability to manage its debt portfolio effectively could hinder the Company's ability to achieve the stated targets. This includes regulations or orders that prevent termination to certain classes of customers, or at certain times of year, such as the Public Utilities Commission's Rules and Regulations Governing the Termination of Residential Electric, Gas and Water Utility Service.

PUC 10-14

Request:

Please identify any Division of Public Utilities and Carriers regulations or orders that would limit the Company's ability to implement a metric similar to the NY Termination and Uncollectible Expense Metric in Rhode Island. Explain fully.

Response:

The Company is not aware of any Division of Public Utilities and Carriers regulation or order that would limit the Company's ability to implement such a metric. However, any regulation or order that hinders the Company's ability to manage its debt portfolio effectively could hinder the Company's ability to achieve the stated targets. This includes regulations or orders that prevent termination to certain classes of customers, or at certain times of year.

PUC 10-15

Request:

Please identify any state law that would limit the Company's ability to implement a metric similar to the NY Termination and Uncollectible Expense Metric in Rhode Island. Explain fully.

Response:

The Company is not aware of any state law that would limit the Company's ability to implement such a metric. However, any law that hinders the Company's ability to manage its debt portfolio effectively could hinder the Company's ability to achieve the stated targets. This includes laws that prevent termination to certain classes of customers, or at certain times of year, as well as limitations on the ability to automatically dial certain types of phone numbers, such as the Telephone Consumer Protection Act.

PUC 10-16

Request:

Please identify any Court order that would limit the Company's ability to implement a metric similar to the NY Termination and Uncollectible Expense Metric in Rhode Island. Explain fully.

Response:

The Company is not aware of any Court order that would limit the Company's ability to implement such a metric. However, any court order that hinders the Company's ability to effectively manage its debt portfolio could hinder the Company's ability to achieve the stated targets. This includes Court orders that prevent termination to certain classes of customers, or at certain times of year, such as the orders referenced in the Company's response to PUC 8-4 regarding the *Bennett* case.

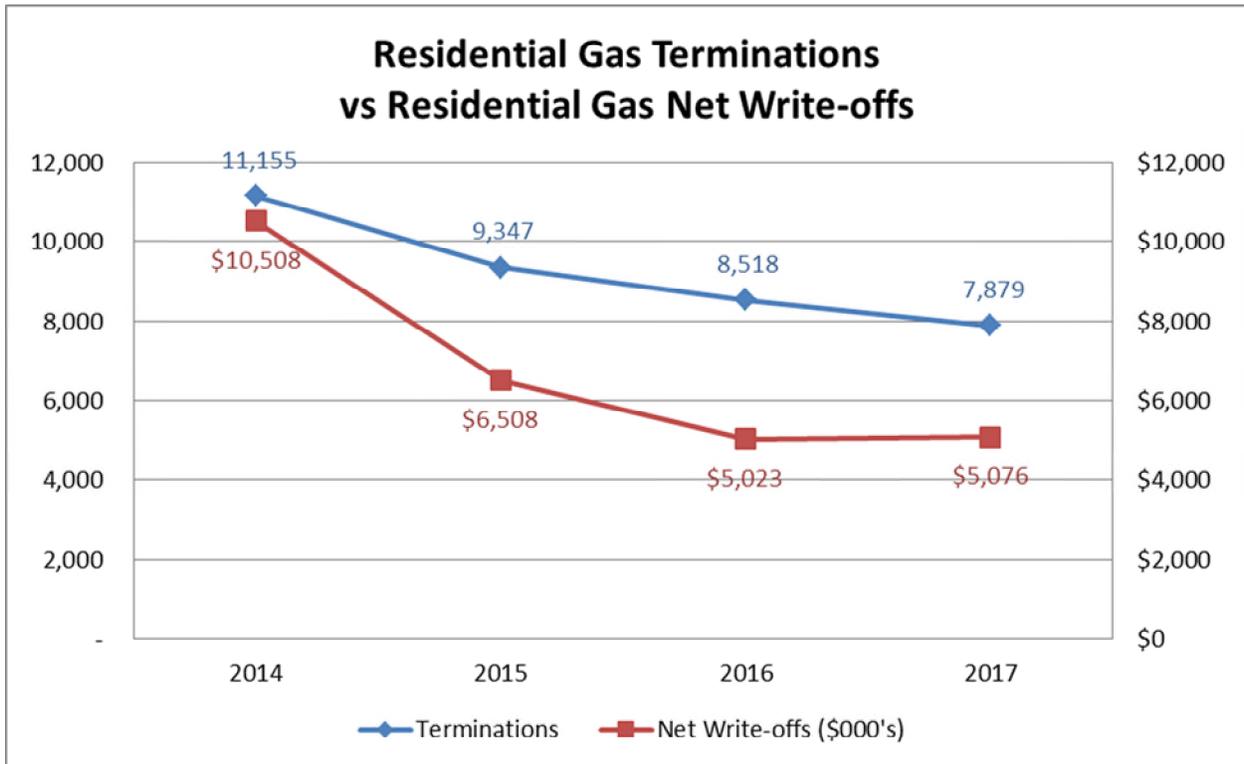
PUC 10-17

Request:

Please create a line graph with the years on the horizontal-axis and residential gas terminations on the left vertical axis and residential gas net write-offs on the right vertical axis over the Calendar Years 2014-2017. Please explain the reasons for any trends.

Response:

Please see the requested line graph below:



Both the decline in residential gas terminations as well as the dip in net write-off from 2014 through 2016 can primarily be attributed to the winter weather trends along with drop in the gas supply costs (as indicated by the Gas Cost Recovery rates for residential heating customers). For example, Heating Degree Days (HDDs) for the winter months of November 2015 through March 2016 were approximately 17 percent below normal (indicating a warm winter) and approximately 27 percent below the prior winter months of November 2014 through March 2015. The winter seasons (November through March) of 2013-14 and 2014-15 had HDDs that

were 9 percent and 13 percent above normal, respectively. In other words, the 2013-14 and 2014-15 winter seasons were colder than normal.

The drop in net write-offs from 2014 through 2016 is also related to the same winter effects noted previously in addition to the significant drop in gas supply costs. The majority of terminations are performed in the spring and summer months following the winter moratorium period (November 1 through April 15, or as extended by the Public Utilities Commission), with write-off occurring approximately 90 days after a final bill issuance. The dollar inventories available for termination and net write-off were much lower in 2016 due to the warmer winter of 2015-16 as well as the drop in gas supply costs. For example, the Gas Cost Recovery rates for residential heating customers were \$0.6871 per therm for the 2014-15 winter season and plummeted over the next two years, to \$0.4766 per therm for the 2016-17 winter season.

Please note that the 2016-17 winter season (November through March) had HDDs that were over 13 percent greater than the 2015-16 winter season. However, the 2016-17 winter season also ran approximately 3 percent below normal in terms of HDDs. This weather effect, along with the drop in gas supply costs, explains the leveling of net write-off in calendar year 2017 compared to 2016.

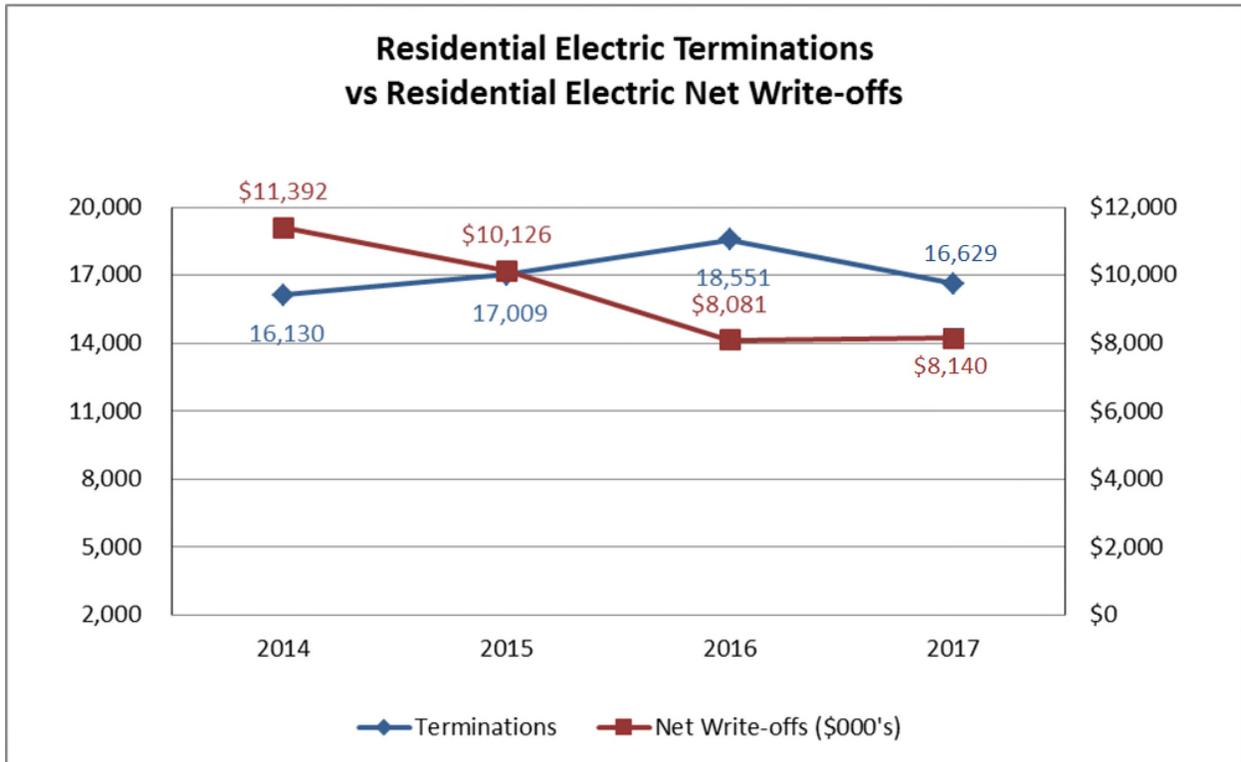
PUC 10-18

Request:

Please create a line graph with the years on the horizontal-axis and residential electric terminations on the left vertical axis and residential electric net write-offs on the right vertical axis over the Calendar Years 2014-2017. Please explain the reasons for any trends.

Response:

Please see the requested line graph below:



The rise in terminations through 2016 was due to the greater number of available days to field treat in 2016. This was driven by the much warmer than normal January through March 2016, as well as the warmer than normal months of November and December 2016. For example, Heating Degree Days (HDDs) for the winter months of November 2015 through March 2016 were approximately 17 percent below normal while those for the winter of November 2016 through March 2017 were approximately 6 percent below normal. Conversely, the winter seasons (November through March) of 2013-14 and 2014-15 had HDDs that were 9 percent and 13 percent above normal, respectively. The dip in residential terminations in 2017 is attributed

to the suspension on terminations for customers who have submitted serious illness certifications that arose from the *Bennett* case, beginning after March 2016 (see the Company's response to PUC 8-4).

The drop in net write-offs from 2014 through 2016 is also related to the same winter effects noted previously, in addition to the significant drop in electric supply costs. The majority of terminations are performed in the spring and summer months following the winter moratorium period (November 1 through April 15, or as extended by the Public Utilities Commission), with write-off occurring approximately 90 days after a final bill issuance. The dollar inventories available for termination and net write-off were much lower in 2016 due to the warmer winter of 2015-16, as well as the drop in electric supply costs. For example, the Residential Standard Offer Service commodity rates peaked in January 2015 at 10.7 cents per kWh and fell to 6.2 cents per kWh in April 2017.

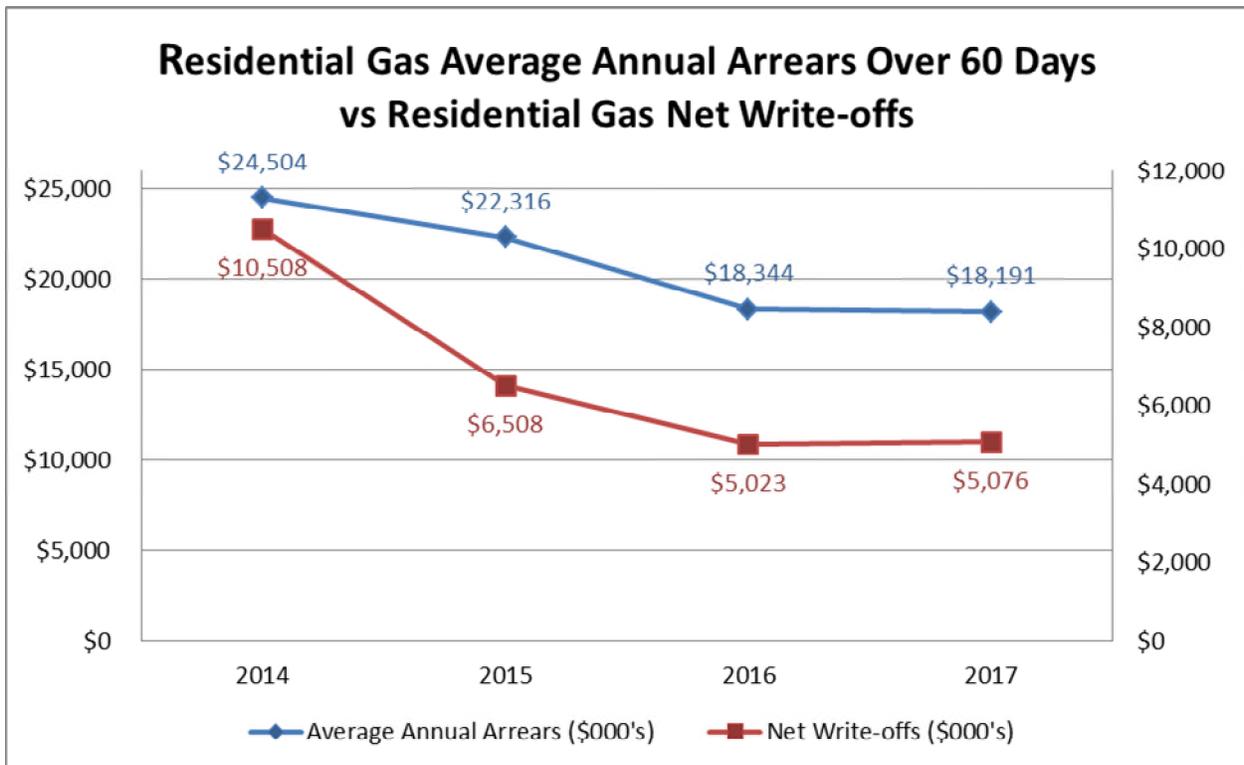
PUC 10-19

Request:

Please create a line graph with the years on the horizontal-axis and residential gas average annual arrears over 30 days on the left vertical axis and residential gas net write-offs on the right vertical axis over the Calendar Years 2014-2017. Please explain the reasons for any trends.

Response:

Please see the requested line graph below. Please note the Company does not track segmented residential arrears over 30 days; however, the Company does track segmented residential arrears over 60 days, which are presented in the line graph.



Please see the Company’s response to PUC 10-17 for the explanation for the declining trend in net write-offs from 2014 to 2016, along with the leveling in 2017.

The decline and leveling of residential arrears over the same period can also be attributed to the winter weather trends noted in the Company’s response to PUC 10-17, as well as the drop in the Gas Cost Recovery rates for residential heating customers. As prices and usage drop from

warmer than normal winters, customers are better able to manage their utility bills and arrears growth is mitigated.

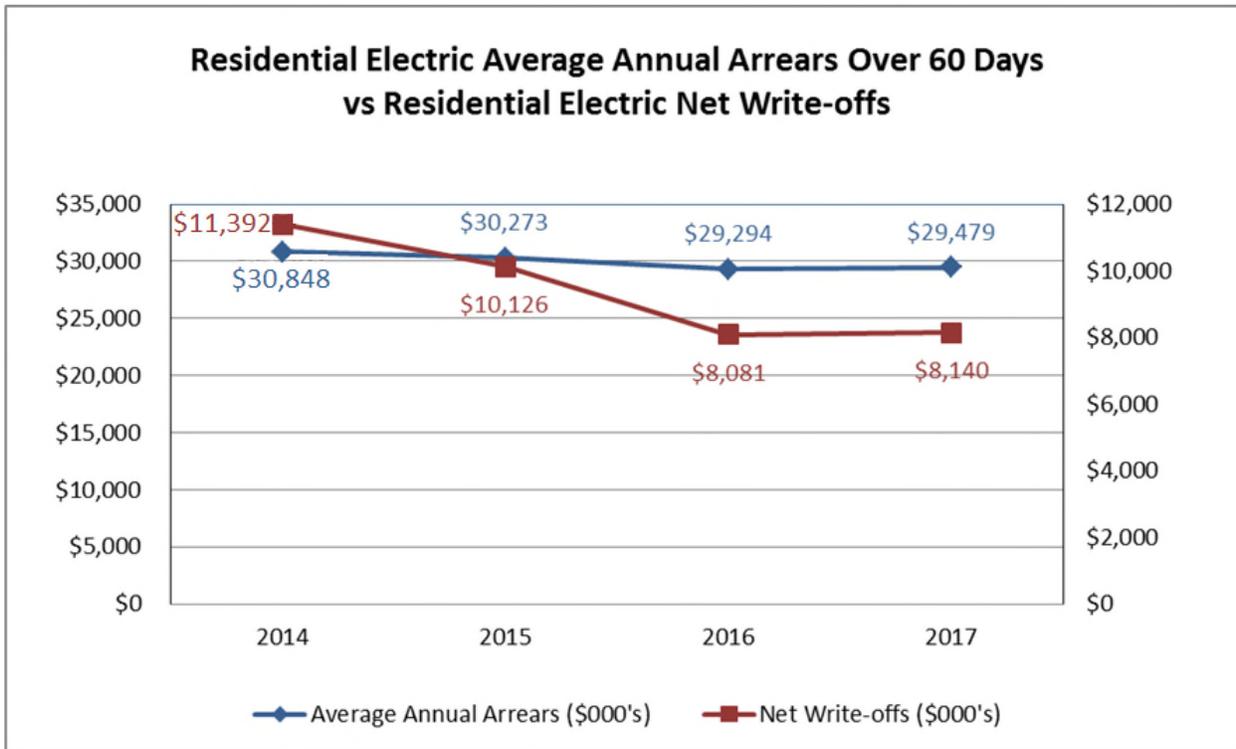
PUC 10-20

Request:

Please create a line graph with the years on the horizontal-axis and residential electric average annual arrears over 30 days on the left vertical axis and residential electric net write-offs on the right vertical axis over the Calendar Years 2014-2017. Please explain the reasons for any trends.

Response:

Please see the requested line graph below. Please note the Company does not track segmented residential arrears over 30 days; however, the Company does track segmented residential arrears over 60 days, which are presented in the line graph.



As indicated in the Company’s response to PUC 10-18, the drop in net write-offs from 2014 to 2016, and the leveling of net write-offs in 2017, has been affected by weather trends and the drop in the electric Standard Offer Service commodity rates for residential customers.

The weather trends in May through September (*i.e.*, not during the winter moratorium period of November 1 through April 15, or as extended by the Public Utilities Commission) have served to

offset the decline in electric supply costs that occurred through the summer of 2017 – and have resulted in the average arrears having stagnated in the attached chart. For instance, Cooling Degree Days (CDDs) have been above normal in 2015, 2016, and 2017 for the months of May through September. 2017 experienced approximately 12 percent more CDDs than normal for May through September, while 2016 experienced CDDs approximately 41 percent greater than normal. The average arrears from 2016 through 2017 also stagnated due to the suspension against field treating accounts coded as serious illness. Compounding this was the 53 percent increase in the Standard Offer Service commodity rates that occurred at the beginning of October 2017. This increase in commodity rates began to influence the 60-day arrears average by the end of 2017.