

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 THIRD SET OF DATA REQUESTS
DIRECTED TO NATIONAL GRID
(Issued December 15, 2017)

All page numbers refer to the page number at the bottom right hand corner of the page rather than the page number in the header.

Theft of Utility Service

- 3-1. Please provide the Company’s policies or practices to address theft of utility service.

Response can be found on Bates pages 1 – 2.

- 3-2. How does the Company identify possible theft of utility service?

Response can be found on Bates page 3.

- 3-3. How many accounts has the Company commenced legal action against a customer for theft of service for each of the past five years?
- a. For the accounts listed above, how many were electric and how many were gas?
 - b. For each of the accounts listed above, please identify the rate class, the amount of service estimated or known to be stolen, the dollar value, and enforcement action.
 - c. In the aggregate, what percentage of the time was the Company successful in collecting on those accounts?

Response can be found on Bates pages 4 – 5.

- 3-4. For each of the past five years, what is the Company’s estimate of the revenue loss associated with theft of utility service. Please provide a response separately for electric and for gas.

Response can be found on Bates pages 6 – 7.

Return on Equity

- 3-5. Referencing Mr. Hevert’s testimony on page 12, he states that risk factors include the Company’s size compared to the proxy group, its projected capital expenditure plans, and its revenue stabilization mechanisms.

- a. Does the Company's size increase or decrease its risk compared to the proxy group?
- b. Does the Company's projected capital expenditure plans increase or decrease the risk compared to the proxy group?
- c. Does the Company's revenue stabilization mechanisms increase or decrease its risk compared to the proxy group?

Response can be found on Bates page 8.

- 3-6. Referencing Mr. Hevert's testimony on page 28, lines 5-7, does the ownership of generation change the risk profile of companies? If so, how has Mr. Hevert accounted for this difference? If not, why not?

Response can be found on Bates page 9.

- 3-7. Referencing Schedule RBH-10 on pages 309-314, please indicate for each company where a capital investment adjustment clause was identified, please explain how that adjustment clause operates.

Response can be found on Bates pages 10 – 160.

- 3-8. Of the eighteen companies listed in Schedule RBH-10 that have an infrastructure or capital investment mechanism, please explain how that adjustment clause operates, and specifically, identifying how many allow the utility to receive a return on the forecasted plant in service rather than a return after it is demonstrated the asset has been put in service. Which of these has a mechanism that allows the utility to adjust plant in service for purposes of earning an immediate return in between base rate cases?

Response can be found on Bates page 161.

- 3-9. What percent of the Company's distribution revenues is subject to a tracker mechanism, including, but not limited to, Infrastructure, Safety, and Reliability, pensions, and property tax?

Response can be found on Bates pages 162 - 164.

- 3-10. What percentage of the Company's distribution and renewable distribution charge revenues are subject to tracker mechanisms, including the above and, Long Term Contracting for Renewable Energy Recovery Factor & Reconciliation, Net Metering Reconciliation, and Renewable Energy Growth Program related charges?

Response can be found on Bates page 165.

- 3-11. What percentage of the Company's overall revenues are subject to tracker mechanism, including all mechanisms in 3-7 and 3-8 plus transmission, standard offer service, and the renewable energy standard?

Response can be found on Bates page 166.

- 3-12. What percentage of the Company's overall distribution revenues were funded through the Infrastructure, Safety, and Reliability Plan in each of the last five years?

Response can be found on Bates pages 167 – 169.

- 3-13. For each of the past five years, please provide the percentage of revenues funded through the Infrastructure, Safety, and Reliability Plan.

Response can be found on Bates page 170.

- 3-14. Referencing Mr. Hevert's testimony on page 15, lines 16-17, he criticizes the discounted cash flow method on the basis that "a fundamental assumption of the Constant Growth DCF model is that current market conditions will continue into the future in perpetuity." How is this criticism relevant to the fact that National Grid has filed for increases to its base distribution rates in 2010, 2013, and now in 2017?

Response can be found on Bates pages 171 – 172.

- 3-15. How does the recent uncharacteristic increases in the stock market affect the assumptions and models discussed by Mr. Hevert?

Response can be found on Bates page 173.

- 3-16. How does the fact that The Narragansett Electric Company is part of a larger company that includes a service company, unregulated, and regulated entities impact Mr. Hevert's assessment of The Narragansett Electric Company's risk?

Response can be found on Bates page 174.

- 3-17. Referencing Mr. Hevert's testimony at page 67, he quotes Standard & Poor's. In light of this quote, how does Mr. Hevert believe the Infrastructure, Safety, and Reliability mechanism is viewed by Standard & Poor's?

Response can be found on Bates page 175.

- 3-18. How many state jurisdictions have adopted the Bond Yield Risk Premium methodology in the last five years?

Response can be found on Bates page 176.

3-19. How many state jurisdictions have adopted the ECAPM methodology in the last five years?

Response can be found on Bates page 177.

3-20. How many state jurisdictions have adopted the Multi-Stage DCF – Terminal P/E Method in the last five years?

Response can be found on Bates page 178.

Delivery Forecasting

3-21. Referencing Mr. Gredder’s testimony on page 12, why does Narragansett Electric expect that manufacturing employment will return to its longer-term negative direction?

Response can be found on Bates page 179.

3-22. How are residential heating deliveries identified where there is no electric heating rate?

Response can be found on Bates page 180.

3-23. Referencing Mr. Gredder’s testimony on page 33, lines 21-22, there appears to be an error in the testimony “Narragansett expects that commercial deliveries after distributed energy resources reductions will decline from 3,572.0 GWh in the Test Year to 3,619.5 GWh in the Rate Year.” What is the correction?

Response can be found on Bates page 181.

3-24. How do heating degree days affect gas non-heating customers?

Response can be found on Bates page 182.

Low Income Program Proposals

3-25. Referencing Mr. Isberg’s testimony on page 101, please explain why the Home Energy Monitoring demonstration project is being proposed through the rate case and not through energy efficiency.

Response can be found on Bates page 183.

3-26. Referencing Mr. Isberg’s testimony on page 101, please explain why the “high bill likelihood” communications messaging is being proposed through the rate case and not through energy efficiency.

Response can be found on Bates page 184.

- 3-27. Referencing Mr. Isberg's testimony on page 101, please explain why the personalization tools in the Customer Contact Center being proposed through the rate case and not through energy efficiency.

Response can be found on Bates page 185.

- 3-28. Mr. Isberg has provided one job description for the Consumer Advocates. His testimony, however, references two Consumer Advocates and one Senior Consumer Advocate. What is the difference? What is the salary and benefits level of each separate position? How will the Consumer Advocate costs be allocated between gas and electric?

Response can be found on Bates pages 186 - 187.

- 3-29. In Mr. Isberg's testimony at page 108, he states that "[l]andlords of facilities servicing income-eligible customers will also be a focus [of the customer outreach and education] because, as property owners and manager, they are often responsible for instituting energy efficiency programs." How does this program differ from income eligible programs in energy efficiency? If energy efficiency is the focus of the outreach to landlords, why is it included in the rate case and not in energy efficiency?

Response can be found on Bates page 188.

Personnel

- 3-30. Please identify the FTE positions funded through the Gas Infrastructure, Safety, and Reliability (Gas ISR) Plan.

Response can be found on Bates page 189.

- 3-31. Are the positions currently funded through the Gas ISR Plan being moved into this general rate case for cost recovery purposes and out of the Gas ISR Plan budget for FY 2019 starting in September 2018?

Response can be found on Bates page 190.

- 3-32. How many positions are currently funded through the Renewable Energy Growth program budget? Will those positions be moved out of the Renewable Energy Growth program budget and associated recovery factor effective September 1, 2018?

Response can be found on Bates pages 191 – 192.

- 3-33. How many Dig Safe requests have been made for each of the past five years?

Response can be found on Bates page 193.

- 3-34. How many times in each of the past five years has a third party damaged gas infrastructure?

Response can be found on Bates page 194.

- 3-35. Please provide the annual cost for each of the past five years of outsourcing the work associated with the marking of the location of underground facilities. What is the projected cost to bring this work back in-house in the Rate Year? Please itemize the cost to bring the work in-house.

Response can be found on Bates pages 195 – 196.

- 3-36. Referencing the Rosario joint testimony on page 58, lines 6-10, what is the current funding for each of the listed programs?

Response can be found on Bates page 262.

- 3-37. For each of the past five years (at March 31), please provide the number of employees who worked directly for the Rhode Island jurisdiction, the number associated with electric, the number associated with gas, and the average number of vacancies.

Response can be found on Bates pages 197 – 198.

- 3-38. The Company is requesting funding for new positions to replace aging workers who may retire. The Rosario joint testimony states on page 13 that the Company needs to take steps to hire workers to replace the retiring workers. How many are expected to retire in the next 4 years? Will the positions of the retired workers be filled after they retire?

Response can be found on Bates page 199.

General

- 3-39. Has the Company filed a one-year rate case or a multi-year rate plan? If it has filed a multi-year rate plan, please provide all parameters of the proposal, not just the data year expense.

Response can be found on Bates page 200.

Rates

- 3-40. How will small cell attachments to streetlights be billed?

Response can be found on Bates pages 201 – 244.

- 3-41. How is Narragansett Electric proposing to collect its annual contact voltage expense?

Response can be found on Bates page 245.

- 3-42. How many mobile home parks are customers of National Grid in Rhode Island?
- Of these mobile home parks, how many are master metered?
 - If they are master metered, how what is the rate class under which they are billed?
 - Can individual residents of the mobile home parks qualify for the income eligible rates and programs offered by National Grid?

Response can be found on Bates page 246.

Collections

- 3-43. Please outline your procedures and policies for collection of unpaid utility bills for each rate class, for protected and non-protected residential customers, for the months during the winter moratorium and the non-moratorium period.

Response can be found on Bates pages 247 – 249.

- 3-44. Please explain the difference between accounts that are classified as uncollectible and those that are classified as having arrearages.

Response can be found on Bates page 250.

- 3-45. What is an inactive account? At what point does it become inactive?

Response can be found on Bates page 251.

- 3-46. At what point does an account become uncollectible?

Response can be found on Bates page 252.

- 3-47. Does an inactive account differ from an uncollectible account?

Response can be found on Bates page 253.

- 3-48. When is an account written off? Is the process or effect different from classifying an account as inactive?

Response can be found on Bates page 254.

- 3-49. What happens to an account where the customer leaves a balance and then returns months or years later? How is it classified?

Response can be found on Bates pages 255 – 256.

- 3-50. Does National Grid use a collection agency? If so, please explain how that process works. How is the collection agency compensated?

Response can be found on Bates pages 257 – 258.

- 3-51. When does National Grid transfer accounts to a collection agency?

Response can be found on Bates page 259.

- 3-52. Are active customers' arrearages and collections handled internally or by an external third party? Please explain.

Response can be found on Bates page 260.

- 3-53. During the last three years, what was the annual expense of using a third-party collection agency?

Response can be found on Bates page 261.