

July 30, 2019

VIA HAND DELIVERY & ELECTRONIC MAIL

Luly E. Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

RE: Docket 4770 – Application of The Narragansett Electric Company d/b/a National Grid for Approval of a Change in Electric and Gas Base Distribution Rates Gas Business Enablement Program Quarterly Report – Third Quarter of Rate Year 1

Dear Ms. Massaro:

On behalf of National Grid,¹ I enclose for filing with the Public Utilities Commission (PUC) in the above-referenced docket one original and nine copies of the Company's Gas Business Enablement Program quarterly report for the third quarter of Rate Year 1, pursuant to Article II, Section C.12.f. of the Amended Settlement Agreement approved by the PUC at its August 24, 2018 Open Meeting.

In addition, the Company is pleased to report the successful implementation of the Gas Business Enablement Program's fourth major release (Portfolio Anchor 2.3, or PA2.3) in Rhode Island on July 22, 2019. This release provides new and/or further enhancements to capabilities to the solutions for the Customer Contact Center, Customer Meter Services, Instrumentation & Regulation, Corrosion, Leak Management, and Asset Risk Management. Further information regarding this release will be included in the Company's Gas Business Enablement Program quarterly report for the fourth quarter of Rate Year 1.

Thank you for your attention to this matter. If you have any questions, please contact me at 781-907-2153.

Very truly yours,



Celia B. O'Brien

Enclosures

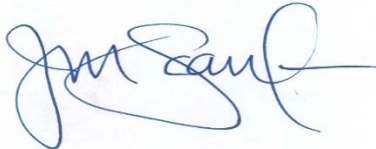
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¹The Narragansett Electric Company d/b/a National Grid (National Grid or the Company).

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.

The paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.



Joanne M. Scanlon

July 30, 2019
Date

Docket No. 4770 - National Grid – Rate Application
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The Narragansett Electric Company
d/b/a National Grid

**Gas Business Enablement
Program Quarterly Report**
Third Quarter of Rate Year 1

July 30, 2019

Docket No. 4770

Submitted to:
Rhode Island Public Utilities Commission

Submitted by:

nationalgrid

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I. Introduction

The Narragansett Electric Company d/b/a National Grid (the Company)¹ submits its quarterly report on the Gas Business Enablement Program for the third quarter of Rate Year (RY) 1² ended May 31, 2019 (Q3 RY1) in compliance with Article II, Section C.12.f. of the Amended Settlement Agreement filed in Docket No. 4770 and approved by the Rhode Island Public Utilities Commission (PUC or the Commission) at its Open Meeting on August 24, 2018.

The Gas Business Enablement Program is a comprehensive business transformational program focused on strengthening and improving the performance of National Grid USA's (National Grid) gas business with regard to managing assets, delivering work, and serving customers. Specifically, the Gas Business Enablement Program will replace a number of aged computer systems; support continuous improvement in gas safety performance, including the implementation of American Petroleum Institute (API) Recommended Practice 1173 (API 1173); facilitate more effective and efficient delivery of the overall work plan; and progress the satisfaction of evolving customer expectations.

The Gas Business Enablement Program will implement the following capabilities:

- an industry-standard enterprise asset and work management platform;
- a scheduling platform to support optimized scheduling, work bundling, and routing of work;
- a Geographic Information System (GIS) with accurate foundation maps and conversion of gas service records and sketches, available with offline mobile functionality;
- a field mobility solution with base capabilities that include views of work assignment, electronic work packages, capture of work status and completion data, and capabilities to initiate work, attach pictures, and view legacy maps;
- an enterprise asset investment planning project portfolio management platform for project routing and approval, with the ability to forecast costs, integrated with scheduling and design;
- an Asset Risk Management tool integrated with the GIS to assess asset condition and perform risk ranking/prioritization for asset replacement;

¹ The term "Company" refers to The Narragansett Electric Company's electric and gas distribution operations on a collective basis. The electric and gas operations of The Narragansett Electric Company together represent the entirety of the regulated operations conducted in Rhode Island by the Company. In this report, the regulated entity is referred to as the Company. Where there is a need to refer to the individual electric and gas distribution operations of the Company, the terms "Narragansett Electric" or "Narragansett Gas," respectively, are used in this report.

² Rate Year 1 is the twelve-month period beginning September 1, 2018, and ending August 31, 2019.

- a new Customer Contact Center “front end” solution to allow order creation and provide visibility of field work; and
- enhancements to existing customer platforms/portal to allow interactions between National Grid and the customer based on customer channel preferences to enable customers to have greater visibility and control of work to be completed at their premises.

The Gas Business Enablement Program also includes a comprehensive approach to change management to support delivery of the anticipated benefits associated with the Program’s newly implemented capabilities.

Gas Business Enablement Program investments are shared investments that are implemented and owned by National Grid USA Service Company, Inc. (Service Company) and allocated to the US operating companies that benefit from these shared investments, including the Company. Gas Business Enablement Program capital expenses are allocated to benefitting US operating companies in the form of an annual Service Company rent expense once the investments are in-service. The Service Company rent expense includes a return on the capital investment (net of deferred taxes) plus booked depreciation expense. Gas Business Enablement Program operating expenses are allocated to benefitting US operating companies as they are incurred.

II. Overall Program Status

The Program made good progress against the roadmap, delivering four successful releases in Rhode Island during the one-year period of April 2018 to April 2019, including:

- Portfolio Anchor (PA) 1 (formerly referred to as Program Anchor 1) April 2018: The first Gas Business Enablement solution deployment with a minimum viable product (MVP) release of solutions for Corrosion, Instrumentation and Regulation, and Customer Meter Services (CMS) Collections capabilities including deployment of the enterprise asset management application (IBM Maximo), and the scheduling and dispatch and field mobility applications under Salesforce Field Service Lightning.
- PA2.1 October 2018: Enhancements to the capabilities delivered in PA1 and delivery of the MVP solution for resource management with the first release of the Workforce Time and Attendance application and the first implementation of the GIS solution.
- PA2.2 December 2018: Enhancements to the Asset Investment Planning and Management application (Copperleaf C55) that automate and improve workflows for investment decision processes and the first MVP release of the Asset Risk Modelling

software (Synergi Pipeline), including a standalone asset risk management solution for distribution integrity management (DIMP).

- PA2.2.5 April 2019: Expanded capabilities to the Asset Risk Modelling software (Synergi Pipeline) including risk ranking and scoring for Pressure Regulation facility assets (district regulator stations and custody transfer stations).

Development and deployment preparations including change management and business readiness activities for the next major releases to Rhode Island in July 2019 and to Niagara Mohawk Power Corporation (Niagara Mohawk) in September 2019 also continued.

Overall, the Gas Business Enablement Program remains on track to deliver its scope of work within the estimated total Service Company costs for capital expenses and project operating expenses relating to the capital investment (excluding run the business costs) of \$458.1 million plus a sanctioned contingency of \$61 million through FY 2023.

A. Q3 RY1 Major Activities and Program Updates

During this quarter ended May 31, 2019, Gas Business Enablement's activities have focused on delivery of the release in April 2019 (PA2.2.5) as well as the preparations for the fourth major release (PA2.3) in July 2019 to Rhode Island and the following major release (PA3.1) to Niagara Mohawk in September 2019. The April PA2.2.5 release delivered the expanded capabilities of the Asset Risk Management application in Rhode Island. This release included risk ranking and scoring for Pressure Regulation facility assets (district regulator stations and custody transfer stations) in the Synergi Pipeline tool.

With the conclusion of the April release, the Program has been focusing on the activities and preparations of the two following deployments:

- PA2.3 July 2019: This release includes new and expanded CMS solution for the Rhode Island business enabling gas and electric capabilities and Massachusetts electric businesses. This release also includes the first deployment of the Salesforce customer relationship management solution in the Customer Contact Center integrated with the legacy customer information/billing system and the Salesforce field mobile application. Additionally, the release includes further enhancements to Instrumentation & Regulation and Corrosion end to end solution (i.e., Maximo, Salesforce, and GIS), including expanded work types, and features enhancements and expanded functionality for the resource management solution (i.e., Workforce). The Asset Risk Management software enhancements include integration with the ESRI GIS solution to support asset risk ranking for distribution system assets and GIS enhancements in the ESRI and Lemur solutions. The release also delivers an MVP solution for leak management accelerating

the delivery of these capabilities to Rhode Island that originally were planned to be delivered in 2020. The release will deliver the above functionality to approximately 1100 users in Rhode Island, Massachusetts and New York.

- PA3.1 September 2019: Includes additional enhancements and added features previously delivered in Rhode Island for PA1 and PA2 along with the release of a minimum viable product solution to support the leak response, investigation, and grading of leaks. CMS and Field Operations employees will receive iPads; all will have access to view assets on maps through the GIS application. This release is the first deployment of the solution in New York and to Niagara Mohawk and will impact approximately 1,400 new users across Rhode Island, Massachusetts, and New York.

Program activities include regular engagement with the business to review and validate business requirements and processes, solution design and development, testing the solution including user acceptance testing, data mock conversions to ensure accurate transfer of data between systems and data load activities, business stakeholder engagement including roadshows, change management and business readiness activities, and other deployment-related tasks.

Because development of the functionality being deployed in July and September was done concurrently, end-to-end testing is also being performed concurrently. Data specific to Rhode Island and Niagara Mohawk was loaded into test environments to test common as well as jurisdiction-specific functionality and requirements. User Acceptance Testing is conducted locally by users in Rhode Island and in Upstate New York supporting Niagara Mohawk.

B. On-Going Implementation Plans for the Company

In addition to the releases and activities to strengthen program delivery described above, the “GBE on the Road” engagement efforts to provide managers and supervisors with the knowledge and techniques needed to facilitate their organization’s adoption of the Gas Business Enablement solution continues across all regions ahead of all trainings.

The Gas Business Enablement Program continues to demonstrate its agile approach to development and deployment, delivering small releases that included both solution fixes prioritized with business input and enhancements to users serving the Rhode Island business. Rhode Island users will continue to benefit from the periodic deployment of enhancements to the Gas Business Enablement solution, either as mini-releases or concurrent with deployments in other jurisdictions through December 2020.

III. Overview of Budgets to Actual Spending

The Gas Business Enablement Program spend (total Service Company capital and operating costs) allocated to the Company for RY1 through Q3 was \$11.6 million compared to a budget of \$11.0 million. The difference in capital costs on Attachment 1, Schedule 1 is caused primarily by timing of anticipated payments to the System Integrators as part of the re-planning exercise with the updated roadmap as filed in the Q2 RY1 report.

Attachment 1, Schedule 1 provides the Gas Business Enablement Program cumulative budget versus actual results for RY1 through Q3. Attachment 1, Schedule 2 provides the RY1 through Q3 Gas Business Enablement Program spend allocated to the Company.

IV. Deferral Balance

As of May 31, 2019, \$859,785 has been deferred on the books of Narragansett Gas and \$(154,881) has been deferred on the books of Narragansett Electric for recovery of Gas Business Enablement Program costs incurred during Q1 through Q3 RY1 that exceeded the level of recovery allowed under the Amended Settlement Agreement. Of the \$859,785 deferred for Narragansett Gas, \$(985,212) is related to Gas Business Enablement Program capital investment and \$1,844,997 is related to incremental Gas Business Enablement Program operating expenses. Of the \$(154,881) deferred for Narragansett Electric, \$(323,412) is related to Gas Business Enablement Program capital investment and \$168,531 is related to incremental Gas Business Enablement Program operating expenses.

V. Conclusion

As noted in this report for Rate Year 1 through the third quarter ending May 31, 2019, National Grid has made good progress not only with the previous three major releases and one small release impacting more than 500 employees in Rhode Island, the Gas Business Enablement Program also has been focusing on preparations including testing, business engagement, and readiness activities for the next major releases to Rhode Island and Massachusetts in July 2019 and to Niagara Mohawk in September 2019.

Overall, the Gas Business Enablement Program remains on track to deliver its scope of work as planned and anticipates coming in within the original planned budget of \$458.1 million plus a sanctioned contingency of \$61 million. The Program will continue to incorporate lessons learned into future deployments, effectively manage risks and controls, and provide timely updates on program status to ensure transparency and deliver long-term success.

TOTAL SERVICE COMPANY SPEND BY COST CENTER
September 2018 - May 2019
GAS BUSINESS ENABLEMENT

		Q1 - Q3 RY19				
GBE - COST CENTER DESCRIPTION	GBE - COST CENTER #	Sept'18-May'19 BUDGET	Sept'18-May'19 ACTUALS	Sept'18-May'19 VARIANCE \$	Sept'18-May'19 VARIANCE %	Variance Explanation ⁽¹⁾
Processes & Business Requirements	4386	\$58,868,099	\$63,528,665	(\$4,660,566)	-4.78%	
Information Services	4387	\$22,655,366	\$28,104,662	(\$5,449,296)	-5.59%	
Business Design, Readiness & Deployment	4388	\$10,103,011	\$2,260,920	\$7,842,091	8.05%	
Portfolio Management	4389	\$5,778,825	\$5,336,867	\$441,958	0.45%	
TOTAL GBE - CAPEX		\$97,405,301	\$99,231,114	(\$1,825,813)	-1.87%	
TOTAL GBE SPEND - TOTEX		\$138,341,476	\$129,703,120	\$8,638,357		

⁽¹⁾ Comments only for variance above threshold +/- 10%

**THE NARRAGANSETT ELECTRIC COMPANY
ALLOCATED SPEND BY CATEGORY
September 2018 - May 2019**

GAS BUSINESS ENABLEMENT

		Q1 - Q3 RY19		
GBE - COST CENTER DESCRIPTION	GBE - COST CENTER #	Sept'18-May'19 BUDGET	Sept'18-May'19 ACTUALS	Sept'18-May'19 VARIANCE \$
Processes & Business Requirements	4386	\$5,039,097	\$5,485,680	(\$446,583)
Information Services	4387	\$1,663,908	\$3,239,520	(\$1,575,613)
Business Design, Readiness & Deployment	4388	\$741,873	\$166,630	\$575,243
Portfolio Management	4389	\$424,024	\$393,327	\$30,697
TOTAL GBE - CAPEX		\$7,868,902	\$9,285,157	(\$1,416,255)
TOTAL GBE SPEND - TOTEX		\$11,025,898	\$11,617,774	(\$591,876)

Note: Amount reflects Capital Spending for Septemeber 2018 - May 2019 only and does not reflect actual rent expense charged to Narragansett Electric Company through the Service Company. Cumulative Capital Spend, once placed in service, will be charged as rent expense through the Service Company.