

**Docket No. 4770**  
**Twelfth Set of Data Requests of the**  
**Division of Public Utilities and Carriers to National Grid**  
**January 18, 2018**

**Gas Business Enablement**

- 12-1. Referring to the response to Attachment DIV 3-53-1, page 8 of 22, please provide a detailed explanation of what each objective in the statement “Its objectives are to reduce risk, deliver a step change in business performance and deliver growth.” Please also provide how the Company plans to measure achievement of each objective.

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

- 12-2. Referring to the response to Attachment DIV 3-53-1, page 9 of 22, “Within two years, 94% of the gas business front office systems will be at “end of life, up from 79% today.” Please provide:
- a. the definition of “end of life”;
  - b. the total number and percent of systems used in RI gas business systems that are (1) at the “end of life” today, (2) will be at “end of life” within two years, and (3) will be replaced by the Gas Business Enablement program; and
  - c. the total number and percent of systems used in RI electric business systems that are (1) at the “end of life” today, (2) will be at “end of life” within two years, and (3) will be replaced by the Gas Business Enablement program.

**Response can be found in Book 1 on Bates page(s) 3-4.**

- 12-3. Referring to the response to Attachment DIV 3-53-1, page 11 of 22, containing the statement “National Grid estimates that there will also be a total of approximately \$40 million in quantifiable annual benefits beginning after the enhanced capabilities are fully embedded in FY24. A portion of these benefits will result in cost savings for customers”; and page 20 of 22 of the same attachment that provides a detailed breakdown of annual benefits:
- a. For each benefit listed, please provide the amount of expected benefit and the portion of the benefit that will result in cost savings for customers by state jurisdiction.
  - b. Please also provide all analysis and workpapers with formulas intact that show how each of the expected benefits were calculated for and/or allocated to each state jurisdiction.
  - c. For each benefit that will result in cost savings for customer identified in (a) above, please provide a detailed explanation by state jurisdiction, how and when the customer will receive such benefit.

- d. For any estimated costs savings that will not result in a cost savings to customers, please explain why not.

**Response can be found in Book 1 on Bates page(s) 5-30.**

- 12-4. Referring to the response to Attachment DIV 3-53-2, page 7 of 10 and throughout the attachments, please describe the Company's experience in deploying systems using the Agile Delivery Methodology on past projects.

**Response can be found in Book 1 on Bates page(s) 31.**

- 12-5. Referring to the response to Attachment DIV 3-53-4, page 3 of 9 "the work will be able to be leveraged by the electric business", please explain how the Gas Business Enablement work will be leveraged by the electric business including any projected cost savings related to the electric business. Please provide all analysis, presentations, documents used by the company to evaluate the opportunity to leverage Gas Business Enablement work in the electric business.

**Response can be found in Book 1 on Bates page(s) 32.**

- 12-6. Will the Company be able to leverage any of the Gas Business Enablement work in any of its unregulated business activities? If so, please explain how. If not, please explain why not.

**Response can be found in Book 1 on Bates page(s) 33.**

- 12-7. In its procurement of services and systems related to the Gas Enablement Program, did or does the company expect to negotiate any special pricing or contract terms related to extending deployment of the service or system to (a) its U.S. regulated electric business, (b) potential future growth of National Grid in other U.S. jurisdictions (c) the Company's unregulated businesses, (d) any other National Grid, PLC companies? If so, please explain the details of such special pricing or contract terms.

**Response can be found in Book 1 on Bates page(s) 34.**

- 12-8. Referring to the response to Attachment DIV 3-53-5, page 4 of 51, please provide an explanation of the \$40+M Gas safety & compliance penalties received over the previous 3 years, including the jurisdiction that incurred the penalty. Is this amount over and above the \$40M of benefit referred to in DIV 12-3, above?

**Response can be found in Book 1 on Bates page(s) 35-40.**

- 12-9. Referring to the response to Attachment DIV 3-53-5, page 5 of 51, for each option where there is a reference to Enhanced Capabilities, please confirm whether the Enhanced Capabilities dollars in the Investment column is included in or in addition to the Total investment dollars listed in the Investment column.

**Response can be found in Book 1 on Bates page(s) 41.**

- 12-10. Referring to the response to Attachment DIV 3-53-5, page 30 of 51, please explain the note “Labor cost is inclusive of the cost internal National Grid labor and external consulting / systems integrator labor needed to deliver the program; an exercise is ongoing to determine how much of the internal National Grid Labor has been included in the rate base and how much is incremental.” Please also provide any analysis the Company has performed associated with such exercise, with formulas intact.

**Response can be found in Book 1 on Bates page(s) 42-47.**

**Service Company Rents**

- 12-11. Referring to Workpaper 6a-6c Service Company Rents, tab IS Existing Projects RY1 with a INVP# equal to USFP, for those projects not identified in the response to DIV 9-2, please provide detailed documentation for each project, including project authorization forms or work orders.

**Response can be found in Book 1 on Bates page(s) 48-191.**

- 12-12. Referring to DIV 9-4 and DIV 12-11, are there any costs related to the USFP SAP implementation problems and subsequent corrective stabilization efforts among the projects identified? If yes, please identify the Service Company Rent expenses allocated to Narragansett Electric Company for these costs.

**Response can be found in Book 1 on Bates page(s) 192.**

- 12-13. Please provide a list of all of the FERC-approved allocators available to be used to allocate Service Company charges. For each allocator, please provide a summary sheet similar to the one provided in Attachment DIV 3-32, page 1 of 1.

**Response can be found in Book 2 on Bates page(s) 1-163.**

- 12-14. Referring to Workpaper 6a-6c Service Company Rents, tab IS New Projects RY1, for all projects, please update data in columns “Inception to Date \$”, “Forecast to Complete”, “Total Spend” and “In-Service Date” for all activities through year-end 2017 to reflect the most recent historical information and associated updates to forecasted spending and in-service dates. For each project, to the extent that there has been a material change in

project scope or expected project benefits, please also provide a detailed explanation of and reason for the change(s) in project scope or expected projected benefits.

**Response can be found in Book 2 on Bates page(s) 164-170.**

### **Technology Modernization Program**

- 12-15. Referring to the response to Attachment DIV 3-23, page 2 of 43, please provide an explanation of the “Growth Playbook Plays (#4, 5, 6, 7, 8, 9, 10)” identified on that page. Please also provide all documentation related to the Company’s “Growth Play Book Plays.”

**Response can be found in Book 2 on Bates page(s) 171-172.**

- 12-16. Referring to the response to Attachment DIV 3-23, page 17 of 43, please provide the full Gartner’s IT Key Metrics Data 2016: Key Industry Measures: Utilities report and any related Gartner explanations of the report including but not limited to how the information is gathered and compiled and how it should be used and interpreted.

**Response can be found in Book 2 on Bates page(s) 173-219.**

- 12-17. Referring to the response to Attachment DIV 3-23, page 30 of 43, please provide an explanation of the “Confidence level of the cost and resource estimate is medium” for the second phase programs for technology modernization, application remediation, upgrades and rationalization. Please also provide an explanation of the Company’s confidence level rating system used to set its confidence level.

**Response can be found in Book 2 on Bates page(s) 220.**

- 12-18. Referring to the response to Attachment DIV 3-23, there does not appear to be a date given for when this Business Case document was presented to management. Please indicate the date the document was presented to management. Please also indicate the date upon which the analysis commenced that led to the document being created.

**Response can be found in Book 2 on Bates page(s) 221.**

- 12-19. Referring to the response to Attachment DIV 3-23, page 9 of 43, please explain the “US Executive Risk Register” process identified on that page.

**Response can be found in Book 2 on Bates page(s) 222.**

- 12-20. Referring to the response to Attachment DIV 3-23, page 9 of 43, please provide copies of all “US Executive Risk Registers,” if any, in calendar years 2015, 2016, and 2017.

**Response can be found in Book 2 on Bates page(s) 223-224.**

- 12-21. Referring to the response to Attachment DIV 3-23, page 9 of 43, please provide an explanation of the risk identified in the chart, labeled as number 9, “NGUSA could incur significant costs related to regulatory compliance with gas safety.”

**Response can be found in Book 2 on Bates page(s) 225.**

- 12-22. Referring to the response to Attachment DIV 3-23, page 2 of 43 and page 5 of 43, and page 17 of 43, the document identifies an issue as: “elongated period of underinvestment compared to peer utilities,” “long periods of underinvestment,” and “capability against industry standards has shown continued underinvestment for the last four years (sweating the assets).” Please explain why the Company managed it’s IS in such a manner that resulted in underinvestment.

**Response can be found in Book 2 on Bates page(s) 226.**

- 12-23. Referring to the response to Attachment DIV 3-23, page 2 of 43, page 5 of 43, and page 17 of 43, has the Company performed any type of root cause analysis for the problems associated with underinvestment in IT? If so, please explain the root cause and provide any presentations and memos submitted to management that address the issue. If not, please explain why no root cause analysis has been performed.

**Response can be found in Book 2 on Bates page(s) 227.**

- 12-24. Referring to the response to Attachment DIV 3-23, did the Company perform any other business case analyses associated with management of IT systems in the U.S. prior to the Business Case presented in 3-23? If yes, please provide copies. If not, please explain why not.

**Response can be found in Book 2 on Bates page(s) 228.**

- 12-25. Referring to the response to Attachment DIV 3-23, and the chart on page 14 of 43, please explain the comment in the Rhode Island column that states “significant overspend compared to cost of service.”

**Response can be found in Book 2 on Bates page(s) 229.**

- 12-26. Referring to the response to Attachment DIV 3-23, and the chart on page 14 of 43, please explain the comment in the Rhode Island column that states “Significant lag and overspend compared to cost of service.”

**Response can be found in Book 2 on Bates page(s) 230.**

- 12-27. Referring to the response to Attachment DIV 3-23, and the chart on page 14 of 43, please explain why the objectives of the Technology Modernization Program are different for each jurisdiction.

**Response can be found in Book 2 on Bates page(s) 231.**

- 12-28. Referring to the response to Attachment DIV 3-23, page 19 of 43, please explain why National Grid’s IT costs have been higher than average across industries.

**Response can be found in Book 2 on Bates page(s) 232.**

- 12-29. Referring to the response to Attachment DIV 3-23, page 35 of 43, the chart contains a statement defining the “priorities” for Rhode Island as: “Exceed the needs of customers, stakeholders and regulators while delivering allowed ROE.” Please explain how the Technology Modernization Program will exceed the needs of customers if implemented as planned. Please also explain why the priority is not to simply meet the needs of customers.

**Response can be found in Book 2 on Bates page(s) 233.**

- 12-30. Please explain how the Technology Modernization Program will be able to promote greater ROE.

**Response can be found in Book 2 on Bates page(s) 234.**

- 12-31. By how many basis points does the Company estimate that the ROE will increase as a result of the Technology Modernization Program?

**Response can be found in Book 2 on Bates page(s) 235.**

- 12-32. Referring to the response to DIV 3-32, the question asked the Company to explain why it believes the chosen allocator is reasonable, but no response was given. Please explain why the Company is using a general allocator to allocate the costs of the program rather than allocator(s) that tie to cost causation for each cost component and why the Company believes it reasonable. Given the fact that the Company carries the burden of proof, please be as complete as possible in this explanation to support the reasonableness of this allocation method.

**Response can be found in Book 2 on Bates page(s) 236-298.**

- 12-33. Referring to the response to DIV 3-32, if the Company were to allocate the costs of the Technology Modernization Program based on cost causation principles, which allocation methods would the Company select for each of the major components of the program? If the Company does not offer an alternative allocation method in response to this request, please explain why not.

**Response can be found in Book 2 on Bates page(s) 299.**