

February 8, 2018

**VIA HAND DELIVERY AND 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 Responses to Division Data Requests – Set 12**

Dear Ms. Massaro:

Enclosed are an original and one copy of the Company's<sup>1</sup> responses to the twelfth set of data requests issued by the Division of Public Utilities and Carriers (Division) in the above-referenced docket. At the request of the Public Utilities Commission (PUC), the Company is also enclosing a USB Flash Drive containing the public version of the filing and a table of contents indicating where each response can be found in the set.

This filing includes a Motion for Protective Treatment of Confidential Information in accordance with Rule 1.2(g) of the PUC's Rules of Practice and Procedure and R.I. Gen. Laws § 38-2-2(4)(B) for the Company's response to data request Division 12-20. The Company seeks protection from public disclosure of certain confidential information contained in (1) Attachment DIV 12-20 provided with the response to data request Division 12-20. The Company is requesting that this attachment be made available only for *in camera* review, and therefore has not included an unredacted version of the attachment with this submission.

The enclosed responses complete the Division's twelfth set of data requests, as indicated in the enclosed discovery log.

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

Very truly yours,



Celia B. O'Brien

Enclosures

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<sup>1</sup> The Narragansett Electric Company d/b/a National Grid (the Company).

Luly E. Massaro, Commission Clerk  
Docket No. 4770 – Responses to Division Set 12  
February X, 2018  
Page 2 of 2

cc: Docket 4770 Service List  
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Jonathan Schrag, Division  
John Bell, Division  
Al Mancini, Division  
Ron Gerwatowski, Division  
Leo Wold, Esq.

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
BEFORE THE PUBLIC UTILITIES COMMISSION**

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IN RE: THE NARRAGANSETT ELECTRIC COMPANY )	Docket No. 4770
d/b/a NATIONAL GRID – ELECTRIC AND GAS )	
DISTRIBUTION RATE FILING )	
_____ )	

**THE COMPANY’S MOTION  
FOR PROTECTIVE TREATMENT OF CONFIDENTIAL INFORMATION**

The Company<sup>1</sup> respectfully requests that the Rhode Island Public Utilities Commission (PUC) provide confidential treatment and grant protection from public disclosure of certain confidential, competitively sensitive, and proprietary information submitted in this proceeding, as permitted by PUC Rule 1.2(g) and R.I. Gen. Laws. § 38-2-2(4)(B). The Company also requests that, pending entry of that finding, the PUC preliminarily grant the Company’s request for confidential treatment pursuant to Rule 1.2 (g)(2).

**I. BACKGROUND**

On February 8, 2018, the Company filed responses to the Rhode Island Division of Public Utilities and Carriers’ (Division) Twelfth Set of Data Requests of the Division of Public Utilities to National Grid dated January 18, 2018 (Division Set 12). Division Set 12 includes Data Request Division 12-20 (seeking “copies of all ‘US Executive Risk Registers,’ if any, in calendar years 2015, 2016, and 2017.”). The Company’s response to Division 12-20 refers to Attachment DIV 12-20, which consists of copies of the requested US Executive Risk Registers. These US Executive Risk Registers contain highly confidential competitively sensitive information. They are not documents that the Company shares with the public.

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<sup>1</sup> The Narragansett Electric Company d/b/a National Grid (the Company).

Therefore, the Company requests that, pursuant to Rule 1.2(g), the PUC afford confidential treatment to Attachment DIV 12-20 in its entirety.

## **II. LEGAL STANDARD**

PUC Rule 1.2(g) provides that access to public records shall be granted in accordance with the Access to Public Records Act (APRA), R.I. Gen. Laws § 38-2-1, *et seq.* Under the APRA, all documents and materials submitted in connection with the transaction of official business by an agency is deemed to be a “public record,” unless the information contained in such documents and materials falls within one of the exceptions specifically identified in R.I. Gen. Laws § 38-2-2(4). Therefore, to the extent that information provided to the PUC falls within one of the designated exceptions to the public records law, the PUC has the authority under the terms of the APRA to deem such information to be confidential and to protect that information from public disclosure.

In that regard, R.I. Gen. Laws § 38-2-2(4)(B) provides that the following types of records shall not be deemed public:

Trade secrets and commercial or financial information obtained from a person, firm, or corporation which is of a privileged or confidential nature.

The Rhode Island Supreme Court has held that this confidential information exemption applies where disclosure of information would be likely either to (1) impair the Government’s ability to obtain necessary information in the future; or (2) cause substantial harm to the competitive position of the person from whom the information was obtained. Providence Journal Company v. Convention Center Authority, 774 A.2d 40 (R.I. 2001).

The first prong of the test is satisfied when information is voluntarily provided to the governmental agency and that information is of a kind that would customarily not be released to the public by the person from whom it was obtained. Providence Journal, 774 A.2d at 47.

### **III. BASIS FOR CONFIDENTIALITY**

The US Executive Risk Registers that comprise Attachment DIV 12-20 are highly confidential, particularly sensitive, and must be protected from public disclosure. These US Executive Risk Registers are the product of National Grid plc's Enterprise Risk Management (ERM) process, which ensures that controls are in place and consistently applied to monitor and manage uncertainties that could prevent achievement of National Grid plc's business objectives. The ERM program is intended to achieve the following objectives:

1. Identify and assess risks faced by the business including those risks which the organization is willing to take in order to achieve National Grid plc's strategic objectives;
2. Identify and monitor meaningful risk management actions so as to achieve risk management targets;
3. Articulate National Grid plc's appetite for risk and ensure corresponding risk management targets are established;
4. Assess the potential impact of National Grid plc's most significant or Principal Risks upon National Grid plc's viability;
5. Maintain stakeholder confidence in our ability to manage the significant risks inherent in the delivery of electricity and natural gas.

National Grid plc's Risk Management team uses the information generated by the ERM process in combination to develop the US Regional Risk Profile as well as the Group Level Risk Profile. All risks are scored by the business areas at their current status for Financial Impact, Reputational Impact, and Likelihood of Occurrence and a Control Opinion is assigned. Target risk management scores are also developed by the business and actions implemented to achieve the target scores. When asked to produce these documents in regulatory proceedings in other

jurisdictions, the Company's affiliate operating in that jurisdiction has arranged for *in camera* review of the documents by the regulators and parties that have executed an appropriate confidentiality agreement, and has not provided copies. Therefore, the Company is following the process that it has followed in other jurisdictions and offering to make confidential Attachment DIV 12-20 available to the PUC (and any other party that signs an appropriate confidentiality agreement) on a voluntary basis for *in camera* review, but respectfully requests that the PUC provide confidential treatment to this attachment in its entirety and not require the Company to prepare and provide a confidential copy.

#### **IV. CONCLUSION**

Accordingly, the Company respectfully requests that the PUC grant the protective treatment described herein for Attachment 12-20 in its entirety.

**WHEREFORE**, the Company respectfully requests that the PUC grant this Motion for Protective Treatment.

Respectfully submitted,

**THE NARRAGANSETT ELECTRIC COMPANY**

By its attorneys,



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Adam M. Ramos, Esq. (RI #7591)  
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Dated: February 8, 2018

Certificate of Service

I hereby certify that a copy of the cover letter and/or any materials accompanying this certificate were electronically transmitted and/or hand delivered to the individuals listed below.



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Najat Coye

February 8, 2018  
Date

**Docket No. 4770 - National Grid – Rate Application**  
**Service list updated 2/2/2018**

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**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.**