

December 18, 2017

BY HAND DELIVERY AND ELECTRONIC MAIL

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

**RE: Docket 4774 - 2018 Renewable Energy Growth Program
National Grid's Proposed Budget for 2018**

Dear Ms. Massaro:

I have enclosed National Grid's¹ proposed budget for the 2018 Renewable Energy (RE) Growth Program Year. *See Attachment A.* National Grid is submitting this proposed budget pursuant to the Rhode Island Public Utilities Commission's (PUC) open meeting decision on November 9, 2017. At that open meeting, the PUC requested that the Company submit a proposed budget with the PUC to assist the PUC with its future review of the Company's RE Growth reconciliation and factor filing. Pursuant to the RE Growth Statute, R.I. Gen. Laws § 39-26.6-25, the Company will file the reconciliation and factor filing with the PUC on June 30, 2018, which is three months after the 2018 RE Growth Program Year closes.²

The enclosed budget reflects a continuation of the administrative activities necessary to deliver the 2018 RE Growth Program Year, which mirrors the Company's 2019 fiscal year (FY) and runs from April 1, 2018 through March 31, 2019. The budget includes a summary of estimated administrative expenses for the 2018 RE Growth Program and details regarding the incremental labor resources that will be required to administer the 2018 RE Growth Program. The notable aspects of the enclosed budget are as follows:

- There is an increase in the total expected capital expense for the billing system changes required to implement the Shared Solar and Community Remote Distributed Generation (CRDG) bill calculation automation. This expense will result in an increase from \$778,000 to \$1.26 million. The Company expects to incur \$321,300 of this expense in FY 2019.
- There will be an additional \$79,000 in operation and maintenance (O&M) expenses for the bill calculation automation system referenced above. The Company expects to incur \$103,000 of these expenses in FY 2019.

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

² The RE Growth Program Year covers the period April 1 through March 31 of each year, which is the same as the Company's fiscal year.

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- There will be incremental internal labor expenses totaling \$660,663. This reflects a portion of the labor costs that existed as of June 30, 2017 and which will be included in proposed base rates as of Sept. 1, 2018, in a forthcoming proposed adjustment to the Company's General Rate Case in Docket 4770. Any additional incremental labor resource costs incurred from July 1, 2017 forward will continue to be recovered through the Renewable Energy Growth Program Cost Recovery Provision, R.I.P.U.C. No. 2716.
- There is a revised estimated budget of \$145,000 for marketing, website updates, and program operations related to the Marketplace, as discussed in the Company's Mid-Year Modification filing to the RE Growth Program in Docket No. 4672. This includes an estimated \$55,000 for such expenses from FY 2018, which was included in the RE Growth Cost Recovery filing in Docket No. 4707. The \$55,000 will not be spent in this program year because the Company has held off on such activities in accordance with the PUC's directive at an open meeting on October 13, 2017 in Docket No. 4672.
- The budget includes Distributed Generation Board expenses for consultants, as approved by the PUC in Docket 4604.

Thank you for your attention to this matter. If you have any questions, please contact me at 781-907-2121.

Very truly yours,



Raquel J. Webster

Enclosure

cc: Docket 4774 Service List
Jon Hagopian, Esq.
Steve Scialabba, Division

**Renewable Energy Growth Program
Estimated Administrative Costs
for the Program Year Ending March 31, 2019**

Summary of Estimated Annual Administrative Expenses

(1) Billing System Modifications - Estimated CapEx Spend FY19	\$321,300
(2) Billing System Modifications - FY19 O&M Budget Estimate for Additional Modifications	\$103,000
(3) Incremental Labor Resources (1)	\$660,663
(4) Estimated Solar Marketplace Program Implementation/Support Costs	\$145,000
(5) DG Board Expense	\$213,000
(6) Revenue Requirement - Meter Investment	TBD
(7) Estimated Remuneration	TBD
(8) Total	\$1,442,963

- (1) Figure reflects the estimated FY 2019 portion of \$1,226,950 total estimated CapEx for Shared Solar and Community Remote Distributed Generation program requirements, compared to \$778,000 in the RE Growth Cost Recovery filing of June 30, 2017, per updated Company budget estimates;
(2) Estimated FY 2019 O&M budget related to Shared Solar and Community Remote Distributed Generation program requirements, not reflecting a decrease in expected FY 2018 OpEx of approximately \$24,000
(3) Footnote (1) below;
(4) Per Company budget estimates of \$125,000 for Marketplace outreach program, and \$20,000 for EnergySage estimated costs for website revisions and program O&M, not including an expected reduction in FY 2018 spending of \$55,000 due to delayed implementation of Marketplace activities per PUC direction on Oct. 13, 2017
(5) RIPUC Docket 4604, OER's budget request dated November 25, 2017, and \$145,000 estimated for Cadmus quality assurance program continuation
(6) Actual Revenue Requirement will be calculated in the upcoming RE Growth Factor filing, to be submitted no later than June 30, 2018
(7) Estimated Program Year 18 Remuneration will be calculated in the upcoming RE Growth Factor filing, to be submitted no later than June 30, 2018
(8) Sum of Lines (1) through (7)

(1) Detail of Incremental Labor Resources

	<u>Accounts Processing</u>	<u>Customer Solutions</u>	<u>Billing Implementation/Support</u>	<u>Billing Implementation/Support</u>	<u>Customer Solutions</u>	<u>DG Customer Facilitator</u>	<u>Interconnection Consultant</u>	<u>FCM Administration</u>	<u>Energy Procurement</u>	<u>Total</u>
(1) Full Time Employees	1	1	1	1	2	1	1	1	1	10
(2) Average Salary	\$31,699	\$71,000	\$257,576	\$73,171	\$71,000	\$115,000	\$85,000	\$80,000	\$103,646	
(3) Percent Dedicated to RE Growth	100.00%	100.00%	33.00%	100.00%	100.00%	60.00%	50.00%	66.83%	80.00%	
(4) Estimated Labor Expense through August 31, 2018	\$13,208	N/A	N/A	N/A	\$59,167	\$28,750	\$17,708	N/A	\$34,549	\$153,382
(5) Estimated Labor Expense - through March 31, 2019 - not included in Rate Case Test Year		\$71,000	\$85,000	\$73,171				\$53,462		\$282,632
(6) Overhead rate	64.00%	64.00%	0.00%	64.00%	64.00%	64.00%	64.00%	64.00%	64.00%	
(7) Total Estimated FY19 Incremental Labor Resource Expense	\$21,661	\$116,440	\$85,000	\$120,000	\$97,033	\$47,150	\$29,042	\$87,677	\$56,660	\$660,663

- (1) Estimated
(2) Estimated
(3) Estimated
(4) Line (2) x Line (3) x (5/12); These incremental resources will be included in proposed base rates in a forthcoming proposed adjustment to the General Rate Case, RIPUC No. 4770
(5) Line (2) x Line (3)
(6) Average Ngrid US Service Company Labor Overhead rate for FY17, excluding pension & PBOP, 0% indicates Contracting position
(7) Line (4) or (5) x (1 + Line (6))

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

December 18, 2017

Date

**Docket No. 4774 – Renewable Energy Growth Program for Year 2018
RI Distributed Generation Board and National Grid**

Service List updated 11/30/17

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