

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. 4780
DISTRIBUTION RATE FILING :

COMMISSION'S FIRST SET OF DATA REQUESTS
DIRECTED TO THE DIVISION OF PUBLIC UTILITIES AND CARRIERS
(Issued May 4, 2018)

Performance Incentive Mechanisms

- 1-1. Regarding the regulatory lag created by the Capital Efficiency Incentive:
 - a. Assuming there is a \$1M penalty, please confirm whether National Grid will be allowed to include the penalty in a future (e.g., the subsequent) Infrastructure, Safety, and Reliability (ISR) revenue requirement for one year? If so, please explain how this is consistent with the statutory requirements of ISR rate setting.
 - b. Assuming there is a \$1M penalty that is not subsequently recovered through the following year's (or a future) ISR revenue requirement, please explain whether the Division would still describe this as a regulatory lag or a permanent penalty.
 - c. If the \$1M penalty can be recovered through a mechanism in the fourth year's revenue requirement, is it the Division's position that the Capital Efficiency Incentive is mimicking the value of a one-year regulatory lag rather than true regulatory lag?
 - d. Assuming National Grid is entitled to a \$1M incentive, please indicate in what year and through what mechanism the \$1M is recovered in the revenue requirement.
- 1-2. How will the three-year budget set in the Capital Efficiency Incentive be designed to ensure that the efficiencies were caused by National Grid's achievements and not by third parties (fewer customer requirements, for example) or through deferral of projects, timing of CIAC payments, etc.?
- 1-3. For all programs and sub-programs proposed by the Division that are associated with a performance incentive (excluding the Capital Efficiency Incentive), and that propose a range of achievement levels and associated incentives:
 - a. Provide the \$/metric value for each proposed achievement level;
 - b. For any responses in part a that do not have a uniform \$/metric value for all achievement levels, please provide a justification for the variation.