



State of Rhode Island
Division of Public
Utilities & Carriers

Accounting Section
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Memo To: Luly Massaro, Commission Clerk

From : John Bell, ^{JB,} Chief Accountant

Date : October 12, 2018

Subject : Docket 4846, National Grid Gas – Distribution Adjustment Clause Filing for Effect
November 1, 2018

On August 1, 2018, The Narragansett Electric Company d/b/a National Grid (“National Grid” or “the Company”) submitted its Distribution Adjustment Clause filing to the Public Utilities Commission for effect November 1, 2018, in accordance with the Company’s gas Tariff, RIPUC NG No. 101, Section 3, Schedule A.

The Distribution Adjustment Clause includes several different components. This memo specifically addresses the Pension Adjustment Factor (PAF), the Earnings Sharing Mechanism (“ESM”) factor and the Infrastructure, Safety, and Reliability (ISR) Plan reconciliation. The Company did not include a computation of the ESM factor in its August 1 filing. The Company’s filing of August 1, 2018 was supplemented by a filing on September 1, 2018, which included a calculation of the ESM which resulted in a factor of zero. The Division commented on the other components for the DAC not mentioned above in the October 5, 2018 memo of Division witness Bruce Oliver.

Pension Adjustment Factor and Earnings Sharing Mechanism

The Division submitted data requests to National Grid seeking additional information, documentation, and clarification relative to the PAF and ESM. On October 3, 2018, National Grid provided responses to the Division’s requests. Based on its review of the Company’s filings and the responses to associated data requests, the Division has no recommended adjustments to the Company’s Gas PAF or ESM and recommends their approval for effect November 1, 2018.

Infrastructure, Safety and Reliability Plan Reconciliation

The Company's ISR Plan reconciliation included calculations supporting the revenue requirements associated with the vegetation management, inspection & maintenance, and qualifying capital investment components.

On September 10, 2018, the Division submitted data requests to National Grid in Docket No. 4682 (Electric ISR) seeking additional information, documentation, and clarification relative to that filing. The Company responded to these requests, which are also applicable to the Gas ISR reconciliation, on September 18, 2018. The Division is still in the process of reviewing the Company's responses, including the applicability of certain IRS Private Letter Rulings and the effect of those Private Letter Rulings on the Gas (and Electric) ISR revenue requirements.

The Division recommends approval of the Company's Gas ISR reconciliation factors for effect November 1, 2018, pending the Division's review of the requested information, with any issues that may arise as the result of that review to be addressed in the Company's subsequent ISR filing.