

December 4, 2019

BY HAND DELIVERY AND ELECTRONIC MAIL

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

**RE: Docket 4980 - The Narragansett Electric Company, d/b/a National Grid
2020 System Reliability Procurement Report
Responses to PUC Data Requests - Set 1**

Dear Ms. Massaro:

I have enclosed 10 copies of National Grid's¹ responses to PUC 1-1 and PUC 1-2.

This transmittal completes the Company's responses to the Public Utilities Commission's First Set of Data Requests in the above-referenced docket.

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

Sincerely,



Raquel Webster

Enclosure

cc: Docket 4980 Service List
Jon Hagopian, Esq.
John Bell, Division

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

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.



Raquel J. Webster, Esq.

December 4, 2019

Date

**Docket No. 4980 - National Grid – 2020 System Reliability Plan (SRP)
Service list updated 10/30/2019**

Name/Address	E-mail Distribution List	Phone
National Grid Raquel Webster, Esq. National Grid 280 Melrose St. Providence, RI 02907	Raquel.webster@nationalgrid.com ;	781-907-2121
	Joanne.scanlon@nationalgrid.com ;	
	Celia.obrien@nationalgrid.com ;	
	John.tortorella@nationalgrid.com ;	
	Matthew.Chase@nationalgrid.com ;	
	Timothy.Roughan@nationalgrid.com ;	
	John.richards@nationalgrid.com ;	
	Christopher.porter@nationalgrid.com ;	
	Matthew.ray2@nationalgrid.com ;	
	Daniel.marceau@nationalgrid.com ;	
Kathy.castro2@nationalgrid.com ;		
Division of Public Utilities and Carriers Jon Hagopian, Esq.	Jon.hagopian@dpuc.ri.gov ;	401-784-4775
	Jonathan.Schrag@dpuc.ri.gov ;	
	john.bell@dpuc.ri.gov ;	
	Ronald.Gerwatowski@dpuc.ri.gov ;	
	Joel.munoz@dpuc.ri.gov ;	
Tim Woolf Jennifer Kallay Synapse Energy Economics 22 Pearl Street Cambridge, MA 02139	twoolf@synapse-energy.com ;	
	jkallay@synapse-energy.com ;	
RI EERMC Marisa Desautel, Esq. Office of Marisa Desautel, LLC 55 Pine St. Providence, RI 02903 Mike Guerard, Optimal Energy	marisa@desautelesq.com ;	401-477-0023
	guerard@optenergy.com ;	
	ross@optenergy.com ;	
	kravatz@optenergy.com ;	

Acadia Center Erika Niedowski 31 Milk Street Suite 501 Boston, MA 02108	ENiedowski@acadiacenter.org ;	617-742-0054 Ext. 104
Office of Energy Resources (OER) Andrew Marcaccio, Esq. Daniel W. Majcher, Esq. Dept. of Administration Division of Legal Services One Capitol Hill, 4 th Floor Providence, RI 02908 Carol Grant, Commissioner Office of Energy Resources	Andrew.Marcaccio@doa.ri.gov ; daniel.majcher@doa.ri.gov ; Nancy.Russolino@doa.ri.gov ; Carol.grant@energy.ri.gov ; Christopher.Kearns@energy.ri.gov ; Nicholas.Ucci@energy.ri.gov ; Becca.Trietch@energy.ri.gov ; Carrie.Gill@energy.ri.gov ; Nathan.Cleveland@energy.ri.gov ;	401-222-8880
Green Energy Consumers Alliance Larry Chretien, Executive Director Kai Salem	Larry@massenergy.org ; kai@greenenergyconsumers.org ;	
TEC-RI Doug Gablinske, Executive Director	doug@tecri.org ;	
Original & 9 copies file w/: Luly E. Massaro, Commission Clerk John Harrington, Commission Counsel Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	Luly.massaro@puc.ri.gov ; Cynthia.WilsonFrias@puc.ri.gov ; John.Harrington@puc.ri.gov ; Alan.nault@puc.ri.gov ; Todd.bianco@puc.ri.gov ; Sharon.ColbyCamara@puc.ri.gov ; Margaret.hogan@puc.ri.gov ;	401-780-2107
Frederick Sneesby Dept. of Human Services	Frederick.sneesby@dhs.ri.gov ;	
Chris Vitale, Esq., RI Infrastructure Bank	cvitale@hvlawltd.com ;	

PUC 1-1

Request:

Please further explain the error that is discussed on Bates 34.

- a. How did the error occur?
- b. Why did the error occur?
- c. When was the error discovered?
- d. When were the Commission and Division first notified of the error?
- e. Did reallocating these funds back to EE in 2019 lead to the year-end EE balance being roughly \$1 million higher than it otherwise would have?

Response:

Upon further investigation into the SRP Accounting Error discussed on Bates 34, which the Company is referring to as the SRP Factor error, the Company discovered two additional errors in the SRP fund balance accounting: a formula error and a timing error. These three errors are discussed in more detail below¹:

a. & b. **SRP Factor Error**

The SRP Factor error was a data entry mistake that was a result of human error. There is a single charge in the Company's billing system, which reflects both the EE and the SRP Factors. As a result, the revenue reported for this charge contains revenue associated with EE and SRP. In order to calculate the SRP fund balance, the Company must manually calculate the SRP revenue, which it does by multiplying the SRP Factor by kWh deliveries. To calculate SRP revenue the Company inputs the filed SRP Factor manually into the fund balance model for the corresponding year. The Company did not update the SRP Factors for calendar years 2016 through 2018 in the fund balance model. The Company, therefore, over-allocated approximately \$1,225,693 from EE to SRP in the fund balance model for these years. Subsequently, the Company incorrectly calculated the SRP Factors for 2017, 2018, and 2019 because the referenced SRP fund balance was not accurate. As a result, the EE fund balance used to calculate the EE charge was also not accurate. The SRP Factor error occurred in 2016, 2017, and 2018 and did not impact the total EEP Rate but did impact the individual EE and SRP Factors.

¹ In addition to the three errors discussed in this response the Company incorrectly calculated the 2018 SRP Factor because the starting balance in the EEP fund balance model did not correctly reflect the year-end balance of program year 2017. This error was discovered and corrected in program year 2018, reported in the 2019 SRP Report, and reflected in the 2019 EEP Rate filing.

Formula Error

The formula error was a result of human error. The Company used an incorrect formula in Table S-1 for the field labeled "Additional SRP Funding Needed per kWh". This field represents the SRP Factor. The formula used is as follows:

$$\begin{aligned} \text{SRP Customer Funding Required} \\ = \text{SRP Budget} - \text{SRP Projected YearEnd Fund Balance} \end{aligned}$$

$$\text{SRP Factor} = \frac{\text{SRP Customer Funding Required}}{\text{Forecasted kWh Sales}}$$

The SRP Customer Funding Required value used was \$77 but should have been \$77,000. Therefore, the Company incorrectly calculated the 2018 SRP Factor. The 2018 SRP Report filed on October 15, 2017 reflected a 2018 SRP Factor of \$0.00000. However, the 2018 SRP Factor should have increased by \$0.00001 had the 2018 SRP Factor formula been correct. The formula error occurred in 2018 and impacted the 2019 EEP Rate by (\$0.00001).

Timing Error

The timing error was the result of a process error that occurred during the exchange of data between internal stakeholders at National Grid. The Company uses a forecasted fund balance to calculate the EE and SRP Factors during development of the annual plans. This information is revised periodically as actual information becomes available. For the 2018 and 2019 program years, the Company calculated the SRP Factor using a dataset from a different forecasted fund balance revision than what had been used to calculate the EE Factor. The Company filed an SRP Factor of \$0.00000; however, the 2018 SRP Factor should have increased by \$0.00001 therefore, the Company inaccurately reported the 2018 SRP Factor which impacted the EEP Rate by (\$0.00001) in 2018. The timing variance did not impact the EEP Rate in 2019 because the forecasted fund balances used were not materially different.

- c. & d. The Company discovered the SRP Factor error on September 10, 2019. The Company first notified the Division of the SRP Factor error on September 25, 2019. The Company first notified the Commission of the SRP Factor error on October 15, 2019 with the filing of the 2020 SRP Report.

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 4980
In Re: 2020 System Reliability Procurement Report
Responses to Commission's First Set of Data Requests
Issued on November 20, 2019

The Company discovered the formula and timing errors on November 19, 2019 during investigation into the SRP Factor error. The Company first notified the Division of the formula and timing errors on November 25, 2019. The Company is notifying the Commission of the formula and timing errors as part of its responses to PUC Data Request 1-1 and PUC Data Request 1-2 in this docket.

- e. Yes, reallocating these funds back to EE in 2019 led to the year-end EE balance being approximately \$1,225,693 higher than it would have been had we not discovered this error. Correspondingly, the SRP balance is approximately \$1,225,693 lower than it would have been had we not discovered this error, resulting in a net zero impact to customers in the cumulative EEP Rate.

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 4980
In Re: 2020 System Reliability Procurement Report
Responses to Commission's First Set of Data Requests
Issued on November 20, 2019

PUC 1-2

Request:

Referencing Bates 34, Paragraph 1 states that the error was identified in September 2019 and Paragraph 2 discusses a January 2019 adjustment. Please clarify.

Response:

As discussed in the Company's response to PUC 1-1, the SRP Factor error was identified on September 10, 2019. To address the SRP Factor error, the Company made a retroactive adjustment to the beginning of the calendar year in January 2019 to effectively correct the starting balances of the funds used in the calculations of the EEP charge and SRP Factor.

The Company resolved the SRP Factor error by transferring the over-allocated funds from the SRP fund balance back to the EE fund balance. The Company created a starting balance adjustment in program year 2019 to retroactively correct the fund balances in program years 2016, 2017, and 2018. Approximately \$1,225,693 has been reallocated from SRP to EE to account for the over-allocation in the SRP fund balance over these years. This reallocation is reflected in the year-end fund balance for SRP in 2019 and, therefore, results in a corresponding increase of \$0.00017 in the 2020 SRP Factor for a total proposed 2020 SRP Factor of \$0.00015.