

September 24, 2020

**BY ELECTRONIC MAIL**

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

**RE: Docket 5040 - 2020 Distribution Adjustment Charge (DAC)  
Responses to Division Data Requests – Supplemental Division 2-7**

Dear Ms. Massaro:

I have enclosed an electronic version of National Grid's<sup>1</sup> supplemental response to Division 2-7 in the above-referenced docket.<sup>2</sup>

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

Enclosures

cc: Docket 5040 Service List  
Leo Wold, Esq.  
John Bell, Division  
Al Mancini, Division

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

<sup>2</sup> Per practice during the COVID-19 emergency period, the Company is providing PDF versions of the enclosures. The Company will provide the Commission Clerk with hard copies and, if needed, additional hard copies of the enclosures at a later date.

Division 2-7 - Supplemental

Request:

According to the Distribution Adjustment Charge testimony of witness Melissa A. Little, dated August 3, 2020, at page 8, lines 8 through 12, please explain the rationale for removing Miscellaneous Service Revenues. Please provide citations to support the adjustment.

**Original Response:**

Miscellaneous Service Revenues consist mostly of miscellaneous credits to customer bills, such as goodwill gestures arising from a customer dispute. The Company's billing representatives enter the miscellaneous credits into the Customer Service System ("CSS") billing system, and these credits serve to reduce the Company's revenue. Therefore, the Company takes a conservative approach and removes the Miscellaneous Service Revenues account from the earnings sharing calculation to the benefit of customers.

While preparing the response to this data request, the Company discovered that a \$173,692 manual entry concerning a new lease agreement between NG LNG and the Company was also recorded to the Miscellaneous Service Revenues account. This entry should have been included in the Rent from Gas Property account and shown in Other Revenues. While the net income the Company used to calculate the Company's achieved return on equity ("ROE") was consequently incorrect, there is no impact to the Gas Earnings Sharing Mechanism ("ESM") because the Company remains below the earnings sharing threshold. The Company plans to re-class the accounting in its fiscal year ending March 31, 2021 and will make a manual adjustment to January through March 2020 in next year's ESM. Once re-classified, the impact of this \$173,692 adjustment to the calendar year 2019 Gas ESM raises the Company's ROE from 8.53% to 8.57%, which, as noted, remains below the 9.275% earnings sharing threshold. The Company will file a second revision to its gas earnings report (previously filed on August 3, 2020), Attachment MAL-1, to reflect this correction.

The Company is still in the process of reviewing information for this response, and, as discussed with the Division, will supplement this response with appropriate citations once the Company completes its review.

**Supplemental Response:**

The Company has been unable to find a citation to support the adjustment to remove Miscellaneous Service Revenues from its earnings sharing calculations. The Company's Earnings Sharing Mechanism commenced with New England Gas Company's 2002 Settlement Agreement in Docket No. 3401, Order 17381, and the Company assumed the obligations of the

The Narragansett Electric Company  
d/b/a National Grid  
RIPUC Docket No. 5040  
In Re: 2020 Distribution Adjustment Charge Filing  
Responses to the Division's Second Set of Data Requests  
Issued on August 27, 2020

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Division 2-7 – Supplemental, page 2

Docket No. 3401 Settlement Agreement in connection with its acquisition of the regulated gas assets in Rhode Island from Southern Union Company in 2006.

The Company is unable to locate the supporting files associated with the June 14, 2002 compliance filing in Docket No. 3401, or any earlier versions of the settlement agreement which may contain additional information regarding earnings sharing calculation specifics. However, the Company has verified that it has treated Miscellaneous Service Revenues consistently in the previously Gas ESM filings it was able to review.

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.



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Joanne M. Scanlon

September 24, 2020  
Date

**Docket No. 5040 – National Grid –2020 Annual Distribution Adjustment  
Charge Filing (DAC) - Service List as of 9/9/2020**

<b>Name/Address</b>	<b>E-mail</b>	<b>Phone</b>
Raquel J. Webster, Esq. Jennifer Hutchinson, Esq. National Grid 40 Sylvan Road Waltham, MA 02451	<a href="mailto:raquel.webster@nationalgrid.com">raquel.webster@nationalgrid.com</a> ;	781-907-2121
	<a href="mailto:Celia.obrien@nationalgrid.com">Celia.obrien@nationalgrid.com</a> ;	
	<a href="mailto:Joanne.scanlon@nationalgrid.com">Joanne.scanlon@nationalgrid.com</a> ;	
	<a href="mailto:Jennifer.Hutchinson@nationalgrid.com">Jennifer.Hutchinson@nationalgrid.com</a> ;	
Leticia Pimentel, Esq. Steven Boyajian, Esq. Robinson & Cole LLP One Financial Plaza, 14th Floor Providence, RI 02903	<a href="mailto:LPimentel@rc.com">LPimentel@rc.com</a> ;	401-709-3337
	<a href="mailto:SBoyajian@rc.com">SBoyajian@rc.com</a> ;	
Ann Leary William R. Richer Melissa Little Ryan Scheib Theresa Burns National Grid	<a href="mailto:Ann.Leary@nationalgrid.com">Ann.Leary@nationalgrid.com</a> ;	
	<a href="mailto:William.richer@nationalgrid.com">William.richer@nationalgrid.com</a> ;	
	<a href="mailto:Melissa.Little@nationalgrid.com">Melissa.Little@nationalgrid.com</a> ;	
	<a href="mailto:Ryan.Scheib@nationalgrid.com">Ryan.Scheib@nationalgrid.com</a> ;	
	<a href="mailto:Theresa.Burns@nationalgrid.com">Theresa.Burns@nationalgrid.com</a> ;	
Leo Wold, Esq. Division of Public Utilities & Carriers 89 Jefferson Boulevard Warwick, RI 02888	<a href="mailto:Leo.Wold@dpuc.ri.gov">Leo.Wold@dpuc.ri.gov</a> ;	401-780-2130
	<a href="mailto:dmacrae@riag.ri.gov">dmacrae@riag.ri.gov</a> ;	
	<a href="mailto:MFolcarelli@riag.ri.gov">MFolcarelli@riag.ri.gov</a> ;	
	<a href="mailto:Chetherington@riag.ri.gov">Chetherington@riag.ri.gov</a> ;	
John Bell Division of Public Utilities & Carriers	<a href="mailto:John.bell@dpuc.ri.gov">John.bell@dpuc.ri.gov</a> ;	
	<a href="mailto:Al.mancini@dpuc.ri.gov">Al.mancini@dpuc.ri.gov</a> ;	
Jerome D. Mierzwa Lafayette Morgan Exeter Associates 10480 Little Patuxent Parkway, Suite	<a href="mailto:jmierzwa@exeterassociates.com">jmierzwa@exeterassociates.com</a> ;	410-992-7500

300 Columbia, Maryland 21044	<a href="mailto:lmorgan@exeterassociates.com">lmorgan@exeterassociates.com</a> ;	
David Efron Berkshire Consulting 12 Pond Path North Hampton, NH 03862-2243	<a href="mailto:Djeffron@aol.com">Djeffron@aol.com</a> ;	603-964-6526
<b>File an original &amp; nine (9) copies w/:</b> Luly E. Massaro, Commission Clerk Margaret Hogan, Commission Counsel Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	<a href="mailto:Luly.massaro@puc.ri.gov">Luly.massaro@puc.ri.gov</a> ;	401-780-2107
	<a href="mailto:Patricia.lucarelli@puc.ri.gov">Patricia.lucarelli@puc.ri.gov</a> ;	
	<a href="mailto:Todd.bianco@puc.ri.gov">Todd.bianco@puc.ri.gov</a> ;	
	<a href="mailto:Alan.nault@puc.ri.gov">Alan.nault@puc.ri.gov</a> ;	