

October 23, 2013

**VIA HAND DELIVERY & ELECTRONIC MAIL**

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

**RE: Docket 4431 - 2013 Distribution Adjustment Charge (“DAC”)  
Responses to Record Requests**

Dear Ms. Massaro:

Enclosed are National Grid’s<sup>1</sup> responses to Record Requests that were issued at the Commission’s evidentiary hearing on October 17, 2013 in the above-referenced proceeding.

Thank you for your attention to this filing. If you have any questions, please do not hesitate to contact me at (401) 784-7667.

Very truly yours,



Thomas R. Teehan

Enclosure

cc: Docket 4431 Service List  
Leo Wold, Esq.  
Steve Scialabba  
Bruce Oliver

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

Record Request 1

Request:

Please provide the following:

- a. What jurisdictions have a similar LIHEAP matching grant program like the one the Company has in Rhode Island?
- b. What is the bad debt rate in other jurisdictions?

Response:

- a. The Company is not aware of any other jurisdictions that have a similar LIHEAP matching program like the one administered by the Company in RI. However, there are various low income assistance programs available in other nearby jurisdictions. Below is a summary of those programs:

In Massachusetts, all electric and gas utilities are directed to provide to eligible customers a percentage discount off of the total bill issued by the utility as assistance to the customer in affording their bill. The percentage discount is based upon the discount originally embedded in base rates at the time the utility unbundled its base rates. In addition, all electric and gas utilities operate an Arrearage Management Program ("AMP") that forgives a specified level of arrears if the customer agrees to and maintains a successful payment plan. For the Company's affiliates in Massachusetts, below is relevant information.

**Boston Gas Company and Colonial Gas Company ("MA Gas Companies")**

- i) The low income discount is 25% off of the total bill. The MA Gas Companies recover the discounts through the Residential Assistance Adjustment Factor ("RAAF") component of their Local Distribution Adjustment Factors ("LDAF"), which is similar to the Company's Distribution Adjustment Charge.
- ii) The MA Gas Companies offer an Arrearage Management Program whereby eligible customers with arrearages enroll in the AMP and agree upon a payment plan with the MA Gas Companies. With successful customer participation in the AMP, the Company will forgive a certain amount of their past arrearage after year one and will forgive the remaining arrears at the end of the second year of successful participation. The MA Gas Companies recover the arrears forgiven through the RAAF in their LDAFs.

Record Request 1, page 2

**Massachusetts Electric Company and Nantucket Electric Company (“MA Electric Companies”)**

- i) The low income discount is 25% off of the total bill. The MA Electric Companies recover the discounts through their RAAF.
- ii) The MA Electric Companies offer an AMP as well. The MA Electric Companies recover the arrears forgiven through their RAAF.

The Company is providing the following information regarding the low income assistance provided by its New York affiliates to present examples of other types of low income programs in the National Grid system.

**Electric Programs of Niagara Mohawk Power Corporation (“NMPC Electric”)**

- i) NMPC Electric provides a bill credit as a means to provide assistance to eligible residential customers. A \$5 per month bill credit is given to non-heating customers receiving assistance under the Home Energy Assistance Program (“HEAP”) and a \$15 per month bill credit is given to electric heating customers receiving HEAP. The credits are funded through an allowance in base rates and actual discounts given are reconciled against the base rate allowance, and any difference is deferred for future rate treatment.
- ii) NMPC Electric offers an AffordAbility Program. Eligible customers receive arrears forgiveness in the amount of \$30 per month for up to 24 months, referrals to the EmPower-NY weatherization program, and have a portion (5%) of their monthly budget bill amounts deferred to their arrears. This program is funded through a base rate allowance.
- iii) NMPC Electric also allows for a one-time waiver of its Re-establishment Fee. If a customer who receive a HEAP grant has their service disconnected for non-payment and is charged a Re-establishment Fee, NMPC Electric will provide a bill credit of \$46 to offset the fee.

Record Request 1, page 3

**Gas Program of Niagara Mohawk Power Corporation ("NMPC Gas")**

Eligible residential heating and non-heating customers receive discounted base rates as compared to full residential rates. The annual allowance in base rates to fund the discount is \$8.3 million, which reflects the annual amount of discounts the Company, as approved by the New York Public Service Commission ("NY PSC"), anticipated providing eligible customers through these discounted rates. The Company reconciles the base rate allowance to actual bill reductions as a result of the discounted rates by comparing the actual amounts billed to what the customers would have been billed on the full residential rates.

**KeySpan Energy Delivery NY ("KEDNY")**

Eligible residential heating customers receive discounted base rates as compared to full residential rates. The annual allowance in base rates to fund the discount is \$10.2 million, which reflects the annual amount of discounts the Company, as approved by the New York Public Service Commission ("NY PSC"), anticipated providing eligible customers through these discounted rates. The Company reconciles the base rate allowance to actual bill reductions as a result of the discounted rates by comparing the actual amounts billed to what the customers would have been billed on the full residential rates.

**KeySpan Energy Delivery LI ("KEDLI")**

Eligible residential heating customers receive discounted base rates as compared to full residential rates. The annual allowance in base rates to fund the discount is \$7.8 million, which reflects the annual amount of discounts the Company, as approved by the New York Public Service Commission ("NY PSC"), anticipated providing eligible customers through these discounted rates. The Company reconciles the base rate allowance to actual bill reductions as a result of the discounted rates by comparing the actual amounts billed to what the customers would have been billed on the full residential rates.

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- b. The bad debt rate across other jurisdictions are as follows:

**MA Gas Companies**

- i) For base rates, the MA Gas Companies have a fixed amount from latest rate case (Docket D.P.U. 10-55) based upon an historic three-year (2007 – 2009) average of: Boston Gas of 2.55% and Colonial Gas of 1.82%.
- ii) For commodity rates, actual bad debt is ultimately recovered in commodity rates. Thus, if the uncollectible percentage increases or decreases, the MA Gas Companies reflect it in their commodity rates.
- iii) The MA Gas Companies LDAFs are not grossed up for uncollectibles.

**MA Electric Companies**

- i) For base rates, the MA Electric Companies have a fixed amount from latest rate case (Docket D.P.U. 09-39) based upon an historic three-year average of 1.16%.
- ii) For commodity rates, actual bad debt is ultimately recovered in commodity rates. Thus, if the uncollectible percentage increases or decreases, the MA Electric Companies reflect it in their commodity rates.

**NMPC Electric**

- i) For base rates, NMPC Electric has a fixed bad debt rate of 1.496%.
- ii) NMPC Electric receives a forecasted bad debt rate on commodity costs charged to customers. Customers are charged a fixed forecasted rate through the Merchant Function Charge of 2.34% for non-demand, 0.29% for demand, and 0.07% for outdoor lighting.

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**NMPC Gas**

- i) For base rates, NMPC Gas has a fixed bad debt rate of 2.685%.
- ii) For commodity rates, the uncollectible rate is set each month by multiplying the Monthly Cost of Gas by the uncollectible percentage. The uncollectible percentage is not subject to annual reconciliation to the actual uncollectible percentage. These rates are currently 3.5% for residential customers and 0.5% for non-residential customers.

**KEDNY**

- i) The commodity uncollectible rate of 1.48% is included in commodity rates. Each September 1, the Company forecasts gas commodity costs for the upcoming 12-months ending August 31 and multiplies this amount by the uncollectible rate of 1.48% to compute the commodity uncollectible rate.
- ii) The uncollectible percentage is not subject to an annual reconciliation. Rather, commodity uncollectible recoveries are reconciled each year to actual gas costs multiplied by the 1.48% uncollectible rate.

**KEDLI**

- i) The commodity uncollectible rate of 0.75% is included in commodity rates. Each September 1, the Company forecasts gas commodity costs for the upcoming 12-months ending August 31 and multiplies this amount by the uncollectible rate of 0.75% to compute the commodity uncollectible rate.
- ii) The uncollectible percentage is not subject to annual reconciliation. Rather, commodity uncollectible recoveries are reconciled each year to actual gas costs multiplied by the 0.75% uncollectible rate.

Record Request 2

Request:

Please provide the current funding percentage of the Narragansett Gas pension plan.

Response:

The funding percentage for the Narragansett Gas pension plan is 83 percent as of March 31, 2013, the Company's fiscal year end.

Record Request 3

Request:

Please provide earnings for other National Grid jurisdictional entities?

Response:

**Massachusetts:**

Electric: 8.23% for the 12 months ended September 12, 2012

Gas: Earnings are not reported

**New York:**

Upstate Electric: 8.23% for calendar year 2012

Upstate Gas: 7.00% for calendar year 2012

Downstate Gas NYC: 10.45% for calendar year 2012

Downstate Gas LI: 7.82% for calendar year 2012