

Docket No. 4780
Thirteenth Set of Data Requests of the
Division of Public Utilities and Carriers to National Grid
March 23, 2018

AMI Study Cost Estimates

- 13-1. Referring to PST-2, Appendix 10.1, showing both “AMI shared and Rhode Island stand alone” revenue requirements for AMI and Grid Mod,
- a. Please identify the date when the Company finalized the estimate on line 2 of Appendix 10.1 in PST-2, Bates pages 130-131, that provides a revenue requirement estimate for “AMI - Electric” of \$2 million for the period six months ending March 31, 2019.
 - b. Please confirm whether the \$2 million revenue requirement on line 2 was intended to represent the cost of the AMI study. If not, please explain what the \$2 million revenue requirement is designed to cover and provide a breakdown and itemization of the costs underlying the \$2 million revenue requirement.

- 13-2. Referring to the responses to DIV 30-1, 30-2, and 30-3 (Docket 4770), the Company states in the response to DIV 30-1:

“The Company used the \$2 million Niagara Mohawk rate allowance as the basis for the \$2 million Rhode Island AMI study funding request. The Company’s request is to fund Rhode Island-specific study activities and, when combined with the Niagara Mohawk funding level, covers the estimated costs of a joint Rhode Island and Niagara Mohawk effort.”

The response to DIV 30-3 also states that the settlement in New York (referred to as the “Joint Proposal”):

“provides Niagara Mohawk \$2 million of the estimated \$2.998 million study costs in base distribution rates to conduct the study. The recovery level was established as part of a comprehensive settlement among Niagara Mohawk, Staff, and the other parties in the case with many give and takes agreed during the confidential settlement discussions.”

Footnote 1 to DIV 30-3 indicates that the Joint Proposal was “entered into” on January 19, 2018.

- a. Please explain how the Company used the \$2 million rate allowance from the New York settlement that was filed on January 19, 2018 as the basis for estimating the \$2 million AMI study request reflected in Appendix 10.1 of PST-2, when PST-2 was

filed with the Rhode Island Commission on November 27, 2017, almost two months before the Joint Proposal was apparently finalized.

- b. When the Company's affiliate agreed to accept only \$2 million out of the \$2.998 million study cost and not recover the difference from New York customers, did National Grid base its decision in whole or in part on an assumption that Rhode Island customers would cover the balance of the cost of the AMI study, (the estimate of which is reflected in Attachment DIV 23-5) such that National Grid shareholders would be made completely whole by Rhode Island's contribution, despite the fact that the New York Joint Proposal was not covering approximately \$1 million of the estimated study cost?
- 13-3. Referring to Attachment DIV 23-5 (Docket 4770), the study estimate identifies thirteen "Required Functions" and estimates the cost for each based on equivalent FTEs and consultancy costs for both the Niagara Mohawk study (page 1) and the combined study (page 2). For each of the "Required Functions":
- a. Provide an explanation of the activities that would be performed.
 - b. Please identify each Required Function that relates to systems or processes that will ultimately be shared between New York and Rhode Island after AMI implementation.
 - c. In each instance where there was no change in the FTE estimate between the Niagara Mohawk study and the combined study, please explain why there was no change.
 - d. In each instance where there was a change the FTE estimate between the Niagara Mohawk study and the combined study, please explain why there was no change.
 - e. Please explain the basis and assumptions for the two consultancy cost estimates.
- 13-4. Referring to the response to DIV 30-2 (Docket 4770), the response contains a statement: "[T]he AMI study costs are based on the activities that will be undertaken that are specific to each jurisdiction (*e.g.*, meter deployment plan)."
- a. Please explain how each of the Required Functions on page 1 of Attachment 23-5 relate only to activities specific to Niagara Mohawk.
 - b. Please explain how each of the Required Functions on page 2 of Attachment 23-5 relate only to activities specific to each jurisdiction.
- 13-5. Referring to Attachment DIV 23-5 (Docket 4770), please explain why it is appropriate to include legal costs as a part of the AMI study cost. Please explain why the legal costs would be incremental to other legal costs that already would be included in base distribution rates for the typical management of legal matters for a regulated distribution company.

13-6. Referring to Attachment DIV 23-5 (Docket 4770), please explain why it is appropriate to include “Pricing/Regulatory” costs as a part of the AMI study cost. Please explain why the “Pricing/Regulatory” costs would be incremental to other “Pricing/Regulatory” costs that already would be included in base distribution rates for the typical management of regulatory matters for a regulated distribution company.