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Also admitted in Massachusetts

Via Electronic Mail and Hand Delivery

October 15, 2019

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

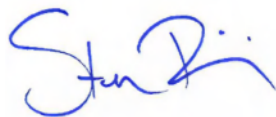
Re: **Docket 4963 - 2019 Gas Cost Recovery Filing**
Joint Rebuttal Testimony in Response to Division's Pre-filed Testimony

Dear Ms. Massaro:

Enclosed please find 10 copies of National Grid's¹ joint rebuttal testimony in response to the Division of Public Utilities and Carriers' (Division) recommendation that the Company's proposed Gas Cost Recovery factors be approved subject to four conditions. The joint rebuttal testimony enclosed addresses the four conditions identified by the Division as set forth in the pre-filed testimony of Jerome D. Mierzwa.

Thank you for your attention to this matter. If you have any questions, please contact me at 401-709-3359.

Very truly yours,



Steven J. Boyajian

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

Robinson+Cole

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Enclosures

Copy to: Docket 4963 Service List
Leo Wold, Esq.
Al Mancini, Division
John Bell, Division
Jerome D. Mierzwa, Consultant to the Division

JOINT REBUTTAL TESTIMONY

OF

ELIZABETH D. ARANGIO

SAMARA A. JAFFE

ANN E. LEARY

MICHAEL J. PINI

AND

JOHN M. PROTANO

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1 **I. INTRODUCTION**

2 **Q. Ms. Arangio, please state your name and business address.**

3 A. Elizabeth D. Arangio. My business address is 40 Sylvan Road, Waltham, Massachusetts
4 02451.

5

6 **Q. Have you previously submitted testimony in this proceeding?**

7 A. Yes. On September 3, 2019 I submitted pre-filed joint direct testimony in this docket with
8 Samara A. Jaffe on behalf of The Narragansett Electric Company d/b/a National Grid (the
9 Company).

10

11 **Q. Ms. Jaffe, please state your name and business address.**

12 A. Samara A. Jaffe. My business address is 100 E. Old Country Road, Hicksville, New York
13 11801.

14

15 **Q. Have you previously submitted testimony in this proceeding?**

16 A. Yes. On September 3, 2019 I submitted pre-filed joint direct testimony in this docket with
17 Elizabeth D. Arangio on behalf of the Company.

18

19 **Q. Ms. Leary, please state your name and business address.**

20 A. Ann E. Leary. My business address is 40 Sylvan Road, Waltham, Massachusetts 02451.

1 **Q. Have you previously submitted testimony in this proceeding?**

2 A. Yes. On September 3, 2019 I submitted pre-filed joint direct testimony in this docket with
3 Michael J. Pini on behalf of the Company.

4

5 **Q. Mr. Pini, please state your name and business address.**

6 A. Michael J. Pini. My business address is 40 Sylvan Road, Waltham, Massachusetts 02451.

7

8 **Q. Have you previously submitted testimony in this proceeding?**

9 A. Yes. On September 3, 2019 I submitted pre-filed joint direct testimony in this docket with
10 Ann E. Leary on behalf of the Company.

11

12 **Q. Mr. Protano, please state your name and business address.**

13 A. John M. Protano. My business address is 100 E. Old Country Road, Hicksville, New
14 York 11801.

15

16 **Q. Have you previously submitted testimony in this proceeding?**

17 A. Yes. On September 3, 2019 I submitted pre-filed direct testimony in this docket on behalf
18 of the Company.

19

20

1 **Q. What is the purpose of your joint rebuttal testimony?**

2 A. The purpose of our joint rebuttal testimony is to respond to the pre-filed direct testimony
3 of Jerome D. Mierzwa on behalf of the Division of Public Utilities and Carriers
4 (Division). In particular, this testimony sets forth the Company's position with respect to
5 the four conditions to the Division's recommendation that the Gas Cost Recovery (GCR)
6 factors proposed by the Company be approved. These conditions are: (1) that the
7 Commission should direct the Company to work with the Division to develop appropriate
8 cost allocation procedures for incremental design hour costs and to present those
9 procedures in next year's annual GCR filing; (2) that the Commission direct the
10 Company to work with the Division to evaluate the Company's cost allocation
11 procedures regarding fixed gas supply reservation charges; (3) that the Commission
12 direct the Company to work with the Division to develop data exchange protocols
13 regarding the Company's Gas Procurement Incentive Plan (GPIP) and Natural Gas
14 Portfolio Management Plan (NGPMP); and (4) that the Commission defer recovery of
15 certain incremental costs incurred by the Company for market gas purchases made on or
16 about January 21, 2019.

17

18 **Q. How is your testimony organized?**

19 A. This testimony addresses the Division's comments and conditions in three sections. The
20 first addresses both of the Division's recommendations regarding certain cost allocations

1 between the Company's gas customer classes. The second section addresses the
2 Division's comments regarding a data exchange protocol with respect to the GPIP and
3 NGPMP. The last section addresses the Division's comments regarding the recovery of
4 the cost of incremental gas purchases on or about January 21, 2019.

5
6 **II. COST ALLOCATION BETWEEN CUSTOMER CLASSES**

7 **Q. Please explain how the incremental costs of meeting design peak hour requirements**
8 **are allocated between customer classes.**

9 A. The incremental costs of resources necessary to meet forecast design hour requirements
10 are allocated to the Company's retail and FT-2 customers. The incremental costs
11 associated with acquisition of resources to meet peaking design hour demand have not
12 been allocated to FT-1 customers due to the existing structure of the Company's
13 Customer Choice programs.

14
15 **Q. Please explain how demand charges associated with certain capacity paths are**
16 **allocated between customer classes.**

17 A. While certain of the Company's demand charges are included within the pipeline system
18 average capacity cost calculations that are allocated across all customer classes, there are
19 certain capacity paths, such as Tennessee Zone 6 Dracut and Everett, for which the
20 associated demand charges are included in the calculation of the cost of peaking supplies.

1 As a result, those demand charges that are considered part of the cost of peaking supplies
2 are not included in the Company's calculation of pipeline system average capacity cost.
3 Due to the present categorization of demand charges associated with peaking capacity
4 paths, and the existing structure of the Company's Customer Choice program, these
5 charges are not allocated to marketers serving FT-1 customers.
6

7 **Q. Do you agree with the Division's position that these costs and charges should be**
8 **allocated differently in order to recover these costs and charges from all customers**
9 **who benefit from the resulting resources and capacity?**

10 A. Yes. The Company agrees with the Division in this regard. In an effort to address the
11 concerns raised by the Division, and for a variety of other reasons, the Company intends
12 to work closely with the Division and other stakeholders to undertake a restructuring of
13 the Company's Customer Choice programs. The allocation of certain costs between
14 customer classes, including demand charges and the cost of incremental resource
15 purchases necessary to meet peak design hour demands, will be considered and addressed
16 as part of this restructuring.
17

18 **III. GAS PROCUREMENT INCENTIVE PLAN AND NATURAL GAS**
19 **PORTFOLIO MANAGEMENT PLAN**

20 **Q. In the Direct Testimony of Jerome D. Mierzwa, at page 11, line 18, he suggests that**
21 **the Company should work with the Division to establish data exchange protocols**

1 **that will assist the Division in reviewing the GPIP and NGPMP. Do you agree with**
2 **this suggestion?**

- 3 A. Yes. To help ensure the accuracy of the materials provided to the Division, it is important
4 to provide hardcoded files when Excel files are requested by the Division. However, the
5 Company is confident that a means of exchanging Excel files can be developed in
6 cooperation with the Division that will satisfy its requests without compromising the
7 Company's desire to ensure the accuracy of its calculations when they are provided to the
8 Division.

9
10 **IV. PROVIDENCE LNG FACILITY INCREMENTAL COSTS**

11 **Q. The Division has requested that the Commission defer any decision with respect to**
12 **\$193,902 which represents the incremental cost of gas needed fulfill customer**
13 **demands in light of liquified natural gas vaporization issues arising on January 21,**
14 **2019. Do you object to the Division's request?**

- 15 A. No. The Company will await the results of the Division's ongoing investigation of the
16 events of January 21, 2019 and will seek to address the matter cooperatively with the
17 Division when the results of the Division's investigation are reported. Removal of
18 \$193,902 from the reconciliation balance included in the September 3, 2019 filing would
19 lead to an immaterial adjustment in the proposed GCR factors. Accordingly, the
20 Company suggests that the proposed GCR factors be approved as proposed and based

1 upon Mr. Mierzwa's testimony at page 13, it appears that the Division is amenable to
2 this. The Company would then remove \$193,902 from its reconciliation balance in its
3 October Monthly Deferred Report filing to be submitted on or around November 20,
4 2019. Should the PUC approve recovery of the \$193,902 of incremental gas purchases
5 the Company would add the \$193,902 back to its reconciliation balance in a future
6 reconciliation filing or through any interim gas cost recovery filing in the event it
7 becomes necessary.

8
9 **Q. Does this conclude your testimony?**

10 **A. Yes.**