

MEMORANDUM

To: Stakeholders in Docket No. 4545

From: Cynthia Wilson-Frias

Date: June 3, 2015

Re: Docket No. 4545 – Review of Electric Rate Issues in Anticipation of 2015 Rate Design Review – June 2, 2015 meeting of stakeholders and PUC staff - Summary

Attendees: Cynthia Wilson-Frias, Esq. (PUC), Alan Nault (PUC), Todd Bianco (PUC), Steve Scialabba (DPUC), Karen Lyons, Esq. (AG/DPUC), Danny Musher (OER), Celia O'Brien, Esq. (National Grid), Peter Zschokke (National Grid), Terry Burns (National Grid), Abigail Anthony (Acadia Center), Leslie Malone (Acadia Center), Charity Pennock (NECEC), Sue Anderbois (NECEC), Jerry Elmer, Esq. (CLF), Taylor (CLF), Seth Handy, Esq. (Renewable Energy Developers and Municipalities)

Since the May 14, 2015 presentations in this docket, New England Clean Energy Council (NECEC), Conservation Law Foundation (CLF), Acadia Center, and National Grid met to discuss the scope of the upcoming rate design docket. The discussions were deemed positive.

Abigail Anthony noted that the statute requiring the rate design review is fairly narrow. This was echoed by Charity Pennock and Jerry Elmer. This is not a grid modernization in the sense of the upcoming Massachusetts filings to be made by National Grid. It was characterized as a “first step” toward something more in the future.

Questions raised were: Toward what goal is this a first step? What problem are we trying to solve by changing rate design? What behavior will each proposed change effect? Why are we changing how ratepayers are charged? These are issues that will arise in the rate design docket and should be addressed in testimony in that docket.

Similarly, R.I. Gen. Laws § 39-26.6-4(b)(1)-(7) sets forth factors for the PUC to consider in making its decision. In its initial filing, in support of the proposed rate design changes, the Company needs to address these factors in testimony. The testimony should also address any benefits and drawbacks of the proposal(s). To the extent there are drawbacks, why was the particular decision made? Are there any other guiding principles that went into the Company's proposal and how are they supported by the proposed rate design? These will be the policy issues or choices for the PUC to consider.

When interveners make their filings, to the extent they propose different rate design alternatives, the factors set forth in R.I. Gen. Laws § 39-26.6-4(b)(1)-(7) should also be addressed along with any policy considerations for the PUC.

After Cindy clarified that the docket would be opened on July 1, 2015, National Grid committed to providing an executive summary of their proposal, together with a summary of the primary reasons the proposals will be made, to the stakeholders no later than July 10, 2015 with the full filing to be made no later than July 31, 2015, with the Company endeavoring to make it sooner. The July 10th filing will be consistent with the subsequent full filing.

Peter indicated that the Company is currently considering a four level tiered customer charge by usage level to reflect the engineering realities of the system and fairness. This would apply to A-16 (residential) customers and C-06 (small commercial) customers. The design of the demand charges are being reviewed for G-02 and G-32 customer classes.

PUC staff scheduled an open meeting for August 13, 2015 at 10:00 a.m. for the purposes of allowing for discussion by the commission of National Grid's submissions.

Open Meetings will be used throughout the process to allow discussion by the commission of issues and positions submitted. These open meetings will not be for decision-making unless there is a procedural issue that needs to be resolved through commission action. They will hopefully allow the commissioners to better vet the issues raised, to develop data requests, and to provide the parties with some direction, particularly if something is unclear. The hope is that this approach will create efficiencies in docket management, particularly at the end of the case. This is a good case to start with because the revenue requirement will remain unchanged and rate design (who pays what), by its very nature, requires policy determinations. The decision-making will occur after the close of hearings. In the event a party believes the discussion raised a factual error, arrangements will be made with PUC legal counsel to discuss how to correct the error. However, if a party disagrees with the policy statements or opinions expressed at an open meeting, testimony should be developed in the party's next filing to address the policy issue.

Technical Record Sessions may be scheduled throughout the process.

Finally, for planning purposes, intervener testimony will likely be due at the end of September/early October, National Grid rebuttal in November, intervener surrebuttal at the end of December/early January, and hearings in January 2016.

A pre-hearing conference will be held after July 1, 2015 for the purpose of setting a schedule in the new docket.

IMPORTANT DATES:

July 1, 2015 – Opening of the docket through assignment of a docket number and notice in the newspaper

On or before July 10, 2015 – National Grid will file an executive summary of its proposed rate design filing together with primary rationale

Week of July 13, 2015 – pre-hearing conference to set schedule and intervener deadline

On or before July 31, 2015 – National Grid's initial proposal with pre-filed testimony and schedules

August 13, 2015 (to be officially noticed) – Open Meeting discussion of National Grid's filing(s)