

October 21, 2015

BY HAND DELIVERY AND ELECTRONIC MAIL

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

**RE: Docket 4573 - 2015 Distribution Adjustment Charge Filing
Docket 4473 - FY 2015 Electric Infrastructure, Safety, and Reliability Plan
Reconciliation Filing
Responses to PUC Data Requests – Set 3**

Dear Ms. Massaro:

On behalf of National Grid,¹ I have enclosed ten copies of the Company's responses to the Rhode Island Public Utilities Commission's Third Set of Data Requests in the above-referenced dockets.

Thank you for your attention to this filing. If you have any questions, please contact me at 781-907-2121.

Very truly yours,



Raquel J. Webster

Enclosure

cc: Docket 4573 Service List
Docket 4473 Service List
Leo Wold, Esq.
Steve Scialabba, Division
Bruce Oliver, Division

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

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket Nos. 4573 and 4473
2015 Distribution Adjustment Charge Filing and
FY 2015 Electric Infrastructure, Safety, and Reliability Plan Reconciliation Filing
Responses to Commission's Third Set of Data Requests
Issued on October 1, 2015

COMM 3-1

Request:

For both gas and electric, please cite the specific language in the respective tariff that allows for reconciliation of costs incurred before the prior fiscal year, i.e. prior to FY2015.

Response:

The Company's electric and gas Infrastructure, Safety, and Reliability (ISR) tariff provisions (RIPUC No. 2118 and RIPUC NG-GAS No. 101, respectively) (collectively, Tariffs) do not specifically address the reconciliation of costs associated with calculation errors or other updates to costs incurred before the prior fiscal year. In other words, the Tariffs neither allow nor preclude the reconciliation of costs associated with calculation errors or other updates to costs incurred before the prior fiscal year. However, as explained in the Company's response to COMM 2-3 in Docket No. 4573, the PUC has approved past Gas and Electric ISR reconciliations that have included adjustments from prior period ISR reconciliations associated with calculation errors. *See* Company's Response to COMM 2-3 (Docket No. 4573) and Dockets Nos. 4199 and 4346.

The purpose of the Tariffs is to provide the Company with cost recovery associated with maintaining safe and reliable electric and gas service through its ISR-related capital investments, and to allow that cost recovery to occur prior to the Company's next base rate proceeding. This purpose is consistent with the enabling statute for the Tariffs, R.I. Gen. Laws § 39-1-27.7-1, which authorizes the establishment of a revenue decoupling mechanism to, in part, increase efficiency in the operation and management of the electric and gas distribution system, and facilitate and encourage investment in utility infrastructure, safety, and reliability. R.I. Gen. Laws § 39-1-27.7-1(a)(1) and § 39-1-27.7-1(a)(7). The Tariffs authorize the Company to collect its Cumulative Revenue Requirement associated with the ISR. The Division's expert acknowledged that if "Cumulative Revenue Requirement" is interpreted to mean the cumulative revenue requirement since the inception of the ISR reconciliation mechanism, then the previous understatement of the revenue requirements in the ISR reconciliations for Fiscal Years 2012, 2013, and 2014 would be eligible for recovery, subject to the Commission's approval of the method of recovery. The PUC should interpret the Tariff in this manner. The Company's ability to recover the revenue impact for all ISR years affected by the NOLs for FYs 2012 through 2014 is consistent with the intent of R.I. Gen. Laws § 39-1-27.7-1.

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket Nos. 4573 and 4473
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As explained in the testimony filed with the Company's Electric and Gas ISR reconciliations in Dockets Nos. 4473 and 4474, the Company is seeking to recover in the FY 2015 Electric and Gas ISR reconciliations the revenue requirement impact for all ISR years affected by net operating losses in FY 2012, 2013, and 2014. By excluding NOLs in its FY 2012, FY 2013 and FY 2014 Electric and Gas ISR reconciliation filings, the Company has provided customers with assumed deferred tax cash benefits in excess of those actually realized by the Company on its tax returns for those years. To address those excess benefits, the FY 2015 Electric and Gas ISR reconciliations includes a one-time, prior period adjustment for the revenue requirement years FY 2012 through FY 2014 related to NOLs for tax years 2012 through 2014 on vintage FY 2012 through FY 2014 capital investment. As previously noted, the PUC's approval of this recovery would be consistent with past approvals of Gas and Electric ISR reconciliation filings that have included adjustments from prior period ISR reconciliations.

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.

Paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.

Joanne M. Scanlon

October 8th, 2015
Date

Docket No. 4514 – National Grid –2014 Annual Distribution Adjustment Charge Filing (“DAC”) - Service List as of 9/11//14

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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

October 8th, 2015
Date

Docket No. 4473 National Grid's FY 2015 Electric Infrastructure, Safety and Reliability Plan - Service List as of 10/30/14

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