

March 8, 2017

BY HAND DELIVERY AND ELECTRONIC MAIL

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

RE: Docket 4682 – Proposed FY 2018 Electric Infrastructure, Safety, and Reliability Plan Updated Revenue Requirement and Bill Impact Testimony

Dear Ms. Massaro:

On behalf of National Grid,¹ I have enclosed 10 redlined copies of the Updated Joint Pre-Filed Testimony of Melissa A. Little and Aidimarys Martinez and the Updated Pre-filed Testimony of Adam S. Crary. The Company has updated this testimony to reflect the updated revenue requirement that the Company filed with the PUC on March 7, 2017. Ms. Little's and Ms. Martinez's joint testimony was updated at page 4, and Mr. Crary's testimony was updated at pages 8 through 10. The Company has only included the updated pages of this testimony with this filing.

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

Very truly yours,



Raquel J. Webster

Enclosures

cc: Docket 4682 Service List
Leo Wold, Esq.
Steve Scialabba, Division
Greg Booth, Division

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

REDLINED VERSION

THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
RIPUC DOCKET NO. 4682
RE: FY 2018 ELECTRIC INFRASTRUCTURE,
SAFETY, AND RELIABILITY PLAN
WITNESSES: MELISSA LITTLE
AND AIDIMARYS MARTINEZ
UPDATED JOINT TESTIMONY

UPDATED JOINT PRE-FILED DIRECT TESTIMONY

OF

MELISSA A. LITTLE

AND

AIDIMARYS MARTINEZ

~~December 21, 2016~~ March 9, 2017

1 in Attachment 1 of that section. The revenue requirement is based on the FY 2018
2 Electric ISR Plan operation and maintenance (O&M) expenses and capital investment,
3 which are described in the joint testimony of Mr. James Patterson and Mr. Ryan Moe.
4

5 **III. ISR PLAN REVENUE REQUIREMENT**

6 **Q. Please summarize the revenue requirement for the Company's FY 2018 Electric**
7 **ISR Plan.**

8 A. As shown on Page 1, Column (b) of Attachment 1, the Company's FY 2018 Electric ISR
9 Plan revenue requirement totals \$26,837,179~~26,451,134~~ and includes the following
10 elements: (1) operation and maintenance (O&M) expense associated with the Company's
11 vegetation management (VM) activities and the Company's Inspection and Maintenance
12 (I&M) Program, both totaling \$10,306,051; (2) the FY 2018 revenue requirement
13 associated with the Company's incremental capital investment in electric utility
14 infrastructure of \$16,531,128~~16,145,080~~, which includes the \$2,267,653 revenue
15 requirement on FY 2018 proposed incremental ISR capital investment, plus the FY 2018
16 revenue requirements on incremental ISR capital investment for FY 2012 through FY
17 2017, totaling \$12,042,577~~11,656,529~~; (3) FY 2018 Property Tax Recovery Adjustment
18 of \$3,906,950; (4) true-up for vintage years FY 2013 through FY 2016 related to the
19 work order write off adjustment (discussed below), totaling \$(560,347) related to capital
20 investment and \$(589) related to Property Tax; and (4) true-up for vintage years FY 2012
21 through FY 2016 related to the Transmission-related NOL adjustment of \$(1,125,115),

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THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
RIPUC DOCKET NO. 4682
RE: FY 2018 ELECTRIC INFRASTRUCTURE,
SAFETY, AND RELIABILITY PLAN
WITNESS: ADAM S. CRARY
UPDATED TESTIMONY

UPDATED PRE-FILED DIRECT TESTIMONY

OF

ADAM S. CRARY

~~December 21, 2016~~ March 9, 2017

1 **Q. Are the O&M Factors subject to reconciliation?**

2 A. Yes. In the Company's annual ISR Reconciliation Filing, the Company proposes an
3 O&M Reconciling Factor to become effective for the twelve months beginning October
4 1. The Company compares the actual I&M and VM O&M expense to actual billed
5 revenue generated from the O&M Factors for the applicable reconciliation period, and
6 any over or under recovery of actual expense is credited to or recovered from customers
7 through the O&M Reconciling Factor. The O&M Reconciling Factor is a uniform per
8 kWh charge applicable to all rate classes. The amount approved for recovery or crediting
9 through the O&M Reconciling Factor is subject to reconciliation with actual amounts
10 billed through the O&M Reconciling Factor and any difference reflected in future O&M
11 Reconciling Factors.
12

13 **III. PROPOSED FACTORS**

14 **A. CAPEX FACTORS**

15 **Q. Please describe the calculation of the proposed CapEx Factors.**

16 A. The CapEx Factors are designed to recover the cumulative revenue requirement related to
17 incremental capital investments through the end of FY 2018. The cumulative revenue
18 requirement of \$16,445,080,531,128² is developed in the joint testimony of Company
19 Witnesses, Melissa A. Little and AidiMarys Martinez. The cumulative revenue

² See [Revised](#) Section 5: Attachment 1S, Page 1, Line 18, column (b) of the ISR Plan.

1 requirement is allocated to the rate classes based on the total rate base allocator,
2 consistent with the provisions of the general base rate proceeding Settlement Agreement
3 in Docket No. 4323, and the factors are designed as described above using forecasted
4 billing units for the period April 1, 2017 through March 31, 2018. The calculation of the
5 proposed CapEx Factors is set forth in the ISR Plan, Section 6 [Revised](#), page 3.
6

7 **B. O&M FACTORS**

8 **Q. Please describe the calculation of the proposed O&M Factors.**

9 A. The proposed O&M Factors are designed to recover forecasted O&M expense associated
10 with I&M and VM activities for FY 2018. As developed in the joint testimony of Ms.
11 Little and Ms. Martinez, these expenses total \$10,306,051.³ The Company has allocated
12 these O&M expenses using an allocator based on distribution O&M from the allocated
13 cost of service study, consistent with the provisions of the general base rate proceeding
14 Settlement Agreement in Docket No. 4323, which the Company believes maintains
15 consistency in how these costs would be reflected in base rates. O&M Factors are
16 designed as I describe above.
17

18 **Q. Is the Company providing a summary of all proposed factors?**

19 A. Yes. The Summary of Proposed Factors is presented in Section 6 [Revised](#), page 1.

³ See [Revised](#) Section 5: Attachment 1, Page 1, Line 4, column (b) of the ISR Plan.

1 **IV. BILL IMPACTS**

2 **Q. Has the Company prepared monthly bill impacts illustrating the effect of the**
3 **proposed ISR Factors?**

4 A. Yes. The monthly bill impacts for each rate class are shown on Section 7 [Revised](#) of the
5 ISR Plan. For a residential customer receiving Standard Offer Service and using 500 kWh
6 per month, implementation of the proposed ISR factors will result in a monthly bill
7 decrease of \$0.059, or 0.1%.

8
9 **V. SUMMARY OF RETAIL DELIVERY RATES**

10 **Q. Is the Company including a revised Summary of Retail Delivery Rates tariff,**
11 **R.I.P.U.C. No. 2095, in this filing?**

12 A. No, the Company is not revising this tariff at this time. The Company will submit its
13 annual reconciliation filing in February 2017 and will propose additional rate changes for
14 effect, April 1, 2017. Therefore, the Company will submit a compliance filing following
15 the PUC's decision in both the reconciliation filing docket and this docket that will
16 include the Summary of Retail Delivery rates tariff reflecting all of the approved rate
17 changes for effect, April 1, 2017.

18 **VI. CONCLUSION**

19 **Q. Does this conclude your testimony?**

20 A. Yes, it does.