

October 23, 2017

**VIA HAND DELIVERY & ELECTRONIC MAIL**

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

**RE: Docket 4708 – 2017 Distribution Adjustment Charge Filing  
National Grid's Reply Comments**

Dear Ms. Massaro:

In connection with the above-referenced docket, enclosed please find National Grid's<sup>1</sup> reply comments to the written comments submitted by the Division of Public Utilities and Carriers (the Division) on October 13, 2017 (the Division's Comments) regarding National Grid's 2017 Distribution Adjustment Charge (DAC) filing. In these reply comments, National Grid addresses the following points made by the Division:

**1. Allocation of System Pressure Related Costs to the DAC**

The Division's Comments recommend that the System Pressure Factor in National Grid's DAC filing reflect 100% of the demand costs associated with gas deliveries to the Crary Street Gate Station in Providence. *See* Division's Comments at 5. As a result, the Division recommends that \$764,118 of cost recovery requirements be shifted from National Grid's Gas Cost Recovery (GCR) filing to the DAC filing. *See id.* at 2, 5.

National Grid agrees to allocate 100% of the demand costs associated with Crary Street deliveries to the DAC. As the Division's Comments point out, the transfer decreases National Grid's projected 2017-18 GCR factors and increases the 2017-18 DAC factors, but the total costs recovered by National Grid through its combined GCR and DAC factors are unaffected. *See* Division's Comments at 2. In addition, as requested by the Division, prior to next year's DAC filing National Grid will provide the Division with further clarification of costs incurred to maintain system pressure to other parts of the Rhode Island distribution system, to determine the extent to which such costs warrant incorporation in the System Pressure Factor.

Attached to these reply comments are the Revised Schedules of Ann E. Leary, which include updated Schedules AEL-1 Revised (Summary of DAC Factors) and AEL-2 Revised (System Pressure Factor).

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

**2. Advanced Gas Technology (AGT) Program**

While National Grid is pleased that the Division does not object to the proposal for the AGT Program, National Grid would like to clarify its proposal. The Division’s Comments state that “National Grid has suggested that expansion and/or modification of the AGT Program should be addressed in the Company’s next base rate case.” Division’s Comments at 9. Although National Grid is currently in the process of expanding and/or modifying the AGT program, National Grid does not plan to address any expansion and/or modification to the AGT program in its upcoming rate case filing. National Grid is simply working to simplify the qualification process for the AGT Program, which should help make the AGT Program more accessible to customers. In the meantime, the AGT factor will be funded at zero for this year’s DAC, while National Grid continues to recover funds for the AGT Program through base rates. In next year’s DAC filing, National Grid will reassess funding of the AGT factor through the DAC. National Grid’s approach to reviewing the AGT Program in between this year’s DAC proceeding and next year’s DAC filing is similar to prior treatment of other DAC-related issues. Furthermore, National Grid is committed to collaborating with the Division and its consultant regarding its efforts to improve the AGT Program before next year’s DAC filing.

Thank you for your attention to this matter. If you have any questions, please contact me at 401-784-7415.

Very truly yours,



Robert J. Humm

Enclosures

cc: Docket 4708 Service List  
Leo Wold, Esq.  
Steve Scialabba, Division  
Bruce Oliver, Division

**National Grid - RI Gas  
Summary of DAC Factors  
Effective November 1, 2017**

<b>Section 1: DAC factor (not including annual ISR component) November 1, 2017 - October 31, 2018</b>					
Line No.	Description	Reference	Amount	Factor	
				Residential/ Small/ Medium C&I	Large/ X-Large
1	System Pressure (SP)	AEL-2 Revised	\$3,153,600	\$0.0079	\$0.0079
2	Advanced Gas Technology Program (AGT)	AEL-3	\$0	\$0.0000	\$0.0000
3	Low Income Assistance Program (LIAP)		\$0	\$0.0000	\$0.0000
4	Environmental Response Cost Factor (ERCF)	AEL-4	\$967,642	\$0.0024	\$0.0024
5	Pension Adjustment Factor (PAF)	AEL-5	(\$4,679,974)	(\$0.0118)	(\$0.0118)
6	On-System Margin Credits (MC)	AEL-6		\$0.0000	\$0.0000
7	Reconciliation Factor (R)	AEL-10S	(\$100,990)	\$0.0000	(\$0.0011)
8	Service Quality Factor (SQP)		\$0	\$0.0000	\$0.0000
9	Earnings Sharing Mechanism (ESM)	AEL-12S	<u>\$0</u>	<u>\$0.0000</u>	<u>\$0.0000</u>
10	Subtotal	Sum ( [1]:[9])	(\$659,722)	(\$0.0015)	(\$0.0026)
11	Uncollectible Percentage	Dkt 4323	3.18%	3.18%	3.18%
12	DAC factors grossed up for uncollectible	[10]/(1-[11])	(\$681,391)	(\$0.0015)	(\$0.0026) per therm
13	Revenue Decoupling Adjustment (RDA)	AEL-7	\$177,598	\$0.0006	\$0.0000
14	Revenue Decoupling Adjustment Reconciliation	AEL-10S	\$298,047	\$0.0010	\$0.0000
15	DAC factor	[12]+[13]+[14]	(\$205,747)	<b>\$0.0001</b>	<b>(\$0.0026) per therm</b>

<b>Section 2: DAC factors including annual ISR component</b>								
Line No.	ISR Reconciliation w/o uncollectible <sup>1</sup> (therms)	Uncollectible Percentage <sup>2</sup>	ISR Reconciliation* (therms) (A)	Base DAC Component* <sup>3</sup> (therms) (B)	DAC Component Subtotal Rates* (therms) (C) = (A) + (B)	ISR Component* <sup>4</sup> (therms) (D)	November 1, 2017 DAC Rates* (therms) (E) = (C)+(D)	
16	Res-NH	\$0.0465	3.18%	\$0.0480	\$0.0001	\$0.0481	\$0.1908	\$0.2389
17	Res-NH-LI	\$0.0465	3.18%	\$0.0480	\$0.0001	\$0.0481	\$0.1908	\$0.2389
18	Res-H	\$0.0202	3.18%	\$0.0208	\$0.0001	\$0.0209	\$0.1221	\$0.1430
19	Res-H-LI	\$0.0202	3.18%	\$0.0208	\$0.0001	\$0.0209	\$0.1221	\$0.1430
20	Small	\$0.0299	3.18%	\$0.0309	\$0.0001	\$0.0310	\$0.1327	\$0.1637
21	Medium	\$0.0195	3.18%	\$0.0201	\$0.0001	\$0.0202	\$0.0890	\$0.1092
22	Large LL	\$0.0161	3.18%	\$0.0166	(\$0.0026)	\$0.0140	\$0.0846	\$0.0986
23	Large HL	\$0.0120	3.18%	\$0.0124	(\$0.0026)	\$0.0098	\$0.0808	\$0.0906
24	XL-LL	\$0.0021	3.18%	\$0.0022	(\$0.0026)	(\$0.0004)	\$0.0239	\$0.0235
25	XL-HL	\$0.0006	3.18%	\$0.0006	(\$0.0026)	(\$0.0020)	\$0.0217	\$0.0197

**\*Factors Include Uncollectible Allowance**

<sup>1</sup> AEL-8S  
<sup>2</sup> Per Docket 4323  
<sup>3</sup> Section 1, Line 15  
<sup>4</sup> FY 18 ISR component per Docket 4678

**National Grid - RI Gas  
System Pressure Factor  
Effective November 1, 2017**

Line No.	Description	
1	Nov-17	\$262,800
2	Dec-17	\$262,800
3	Jan-18	\$262,800
4	Feb-18	\$262,800
5	Mar-18	\$262,800
6	Apr-18	\$262,800
7	May-18	\$262,800
8	Jun-18	\$262,800
9	Jul-18	\$262,800
10	Aug-18	\$262,800
11	Sep-18	\$262,800
12	Oct-18	\$262,800
13		
14	Total	<u><u>\$3,153,600</u></u>
15	System Balancing Factor	100.00%
16	Demand Costs allocated to DAC	\$3,153,600
17	Firm Throughput	39,483,630
18	System Pressure Factor per dekatherm	\$0.0790
19	System Pressure Factor per therm	<b>\$0.0079</b>

1-12 Per Docket 4719, Attachment AEL-1, Page 4, Line 16.  
15 Per Company Proposal  
16 Line (14) \* Line (15)  
17 Company Forecast  
18 Line (16) / Line (17)  
19 Line (18) / 10, truncated to 4 decimal places

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.

The 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.

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Joanne M. Scanlon

October 23, 2017  
Date

**Docket No. 4708 – National Grid –2017 Annual Distribution Adjustment Charge Filing (DAC) - Service List as of 10/3/17**

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