

September 23, 2019

**BY HAND DELIVERY AND ELECTRONIC MAIL**

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

**RE: Docket 4954 - 2019 Renewable Energy (RE) Growth Program Factor Filing Responses to PUC Requests – Set 2**

Dear Ms. Massaro:

On behalf of National Grid,<sup>1</sup> I have enclosed the Company's responses to the second set of data requests issued by the Public Utilities Commission in the above-referenced docket.

The Company's responses to data requests PUC 2-8 through PUC 2-11 are pending.

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 4954 Service List  
Jon Hagopian, Esq.  
John Bell, Division

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<sup>1</sup> 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 No. 4954  
In Re: 2019 Renewable Energy Growth Program Factor Filing  
Responses to Commission's Second Set of Data Requests  
Issued on September 12, 2019

PUC 2-1

Request:

Referencing Schedule NG-2, page 6 of 6 (Bates page 37), please reconcile each item on this schedule with the Estimated Administrative Costs schedule filed in Docket No. 4892 PUC 1-1, page 1 of 1, explaining the reason for any variance.

Response:

Please see the table below, which provides the variance between the estimated Administrative Costs for RE Growth Program Year 2019 provided in Docket No. 4892, Attachment PUC 1-1, and Schedule NG-2, Page 6 (Bates page 37). Explanations for the variances are provided below the table.

<b>Line No.</b>	<b>Description</b>	<b>RIPUC Docket No. 4892, Att. PUC 1-1</b>	<b>RIPUC Docket No. 4954, Sch. NG-2, Page 6</b>	<b>Variance</b>
	(a)	(b)	(c)	(d)
(1)	Billing System Modifications - Capitalized Costs	\$1,454,000	\$360,715	(\$1,093,285)
(2)	Billing System Modifications - O&M Budget Estimate for Additional Modifications	\$29,000	\$0	(\$29,000)
(3)	Incremental Labor Resources	\$1,337,033	\$1,018,637	(\$318,396)
(4)	Estimated Solar Marketplace Implementation/Support Costs	\$90,000	\$90,000	\$0
(5)	DG Board Expense	\$210,575	\$210,575	\$0
(6)	Revenue Requirement - Meter Investment	\$0	\$61,051	\$61,051
(7)	O&M Related to nCAP Modifications	\$10,000	\$0	(\$10,000)
(8)	Total	\$3,120,608	\$1,740,978	(\$1,379,630)

Line (1) – As described in the response to Docket No. 4892, Att. PUC 1-1, the \$1.454 million estimate provided in column (b) above is the estimated capitalized billing system upgrade costs in Program Year 2019. The \$360,715 in column (c) is the actual calculated revenue requirement for Program Year 2019 related to “Placed in Service” capitalized billing systems upgrades, as shown in Schedule NG-4A, Page 1 of 26, Lines (37) through (48). A more appropriate comparison to the \$1.454 million of estimated capitalized billing system costs from Docket No. 4892, Att. PUC 1-1 is the approximately \$1.34 million in total actual capital costs for Phase 2 billing system upgrades shown on Schedule NG-4A, Page 24, Line (10).

PUC 2-1, page 2

Line (2) – The reduction in O&M expense related to billing system upgrades from the estimate is due to a revised project estimate.

Line (3) – The Incremental Labor Resource estimate was reduced by \$318,396 in total; while a total of 12 estimated FTEs remained consistent, there were several updates to estimates, including:

- 1) Updates to various salaries due to existing or anticipated salary increases;
- 2) Modifications to estimated percentage of time allocated to supporting the RE Growth Program; and
- 3) Updates to anticipated overhead burden rates (based on an average of prior year actuals).

Line (4) – No variance between estimates

Line (5) – No variance between estimates

Line (6) – At the time that Att. PUC 1-1 was filed, an estimate of meter investment for residential RE Growth customers had not yet been developed, so no estimate of the revenue requirement was included in the response. The Revenue Requirement for Meter Investment for Program Year 2019 was provided in Schedule NG-4B, Page 1 of 9, Column (e)

Line (7) – No additional information related to estimated O&M-related expense associated with the nCap portal modifications was available at the time of the June 28, 2019 filing in Docket No. 4954, so no estimated costs were included.

The Narragansett Electric Company  
d/b/a National Grid  
RIPUC Docket No. 4954

In Re: 2019 Renewable Energy Growth Program Factor Filing  
Responses to Commission's Second Set of Data Requests  
Issued on September 10, 2019

PUC 2-2

Request:

Please provide an itemization of the administrative costs incurred for the 2019 program year to date.

Response:

The following table is the itemization of the administrative costs incurred for the 2019 program year to date, which covers the period April 2019 through August 2019.

Description	Amount	Detail
Billing System Modifications – O&M Expense	\$149,525	Revenue Requirement \$153,158 Contractor Expenses (\$3,663) – Net adjustments
DG Board Invoiced Expense	\$210,575	Ceiling Price Development \$65,000 Solar Quality Assurance Study \$145,575
Program Year 4 Ended March 2020 Meter Revenue Requirement	\$25,438	Monthly Revenue Requirement of \$5,087.58 x 5 months
Solar Marketplace Invoiced Expense	\$13,816	EnergySage
Direct Company Labor Expense including labor-related overheads - Program O&M	\$178,098	Dedicated time and Overhead costs for staff in the following groups: Account Manager Organization - 1 Energy Procurement - 2 Customer Energy Integration Interconnection - 3 Customer Solutions - 2
Forward Capacity Market (FCM) Administrative Expenses	\$1,662	One staff time dedicated to FCM plus Overhead costs
<b>Total</b>	<b>\$579,114</b>	

PUC 2-3

Request:

Please reconcile each of the following, fully explaining the year over year differences from 2018 to 2019 and the 2019 initial estimate to the 2019 request:

- Schedule NG-3, Page 3 of 5 (Bates 41), Line 19. Direct Labor Expense Program Year 2019 = \$518,215
- Schedule NG-2, Page 6 of 6 (Bates 37), Line 3. Incremental labor = \$1,018,637
- Docket 4892, PUC 1-1, Page 1 of 1, Line 3. Incremental labor = \$1,337,033

Response:

Please see Attachment PUC 2-3 for detailed comparisons of actual labor costs for Program Year 2018 (year ending March 2019) and estimated labor costs for Program Year 2019 (year ending March 2020).

Section 1 provides a detailed comparison of the actual costs for Program Year 2018 provided in Schedule NG-3, Page 3 and estimated costs of \$1,018,637 for Program Year 2019 provided in Schedule NG-2, Page 6. To provide a more direct comparison, the actual costs also include the O&M portion of billing system modification costs on Line (15) and forward capacity market administrative expenses on Line (21), which brings total actual costs to \$693,727.

Section 2 provides a detailed comparison of the actual costs of \$693,727 for Program Year 2018 provided on Schedule NG-3, Page 3 and estimated costs of \$1,337,033 for Program Year 2019 provided in Docket 4892, PUC 1-1, Page 1.

Section 3 provides a detailed comparison of the estimated costs of \$1,018,637 for Program Year 2019 provided on Schedule NG-2, Page 6 and estimated costs of \$1,337,033 for Program Year 2019 provided in Docket 4892, PUC 1-1, Page 1.

The drivers for changes in estimated administrative labor costs between Docket 4892, PUC 1-1, Page 1, and Schedule NG-2, Page 6 of 6 (Bates 37) were the following:

- Anticipated or existing wage increases for the Accounts Processing, Customer Solutions, and FCM Administration roles;
- Reduced estimates for level of effort incremental to supporting the RE Growth Program for the Accounts Processing, Customer Solutions, and Interconnection Consultant roles; and
- Revised estimated overhead burden rates, based on an average of prior year actuals.

Section 1: Comparison of Actual Cost for Program Year Ending March 2019 and Current Estimated Cost for Program Year Ending March 2020

	Schedule NG-3 Actual Program Year Ending March 2019				Schedule NG-2 Estimated Program Year Ending March 2020					Comparison		
	Wages Charged	OH %	OH (\$)	Total Cost	FTE	Wages Charged	OH %	OH (\$)	Total Cost	Wages Charged	OH (\$)	Total Cost
	(a)	(b)	(c)=(a)x(b)	(d)=(a)+(c)	(e)	(f)	(g)	(h)=(f)x(g)	(i)=(f)+(g)	(j)=(a)-(f)	(k)=(c)-(h)	(l)=(d)-(i)
(1) Accounts Processing	\$34,737	49.94%	\$17,349	\$52,085	0.50	\$24,773	50.17%	\$12,429	\$37,202	(\$9,964)	(\$4,920)	(\$14,883)
(2) Customer Solutions	\$160,843	63.39%	\$101,951	\$262,794	2.50	\$200,000	62.40%	\$124,800	\$324,800	\$39,157	\$22,849	\$62,006
(3) DG Customer Facilitator	\$5,776	61.87%	\$3,574	\$9,350	1.00	\$70,000	62.40%	\$43,680	\$113,680	\$64,224	\$40,106	\$104,330
(4) Interconnection Consultant	\$35,643	61.71%	\$21,996	\$57,639	1.00	\$105,000	62.40%	\$65,520	\$170,520	\$69,357	\$43,524	\$112,881
(5) Energy Procurement	<u>\$84,221</u>	61.89%	<u>\$52,126</u>	<u>\$136,347</u>	0.30	<u>\$39,000</u>	62.40%	<u>\$24,336</u>	<u>\$63,336</u>	<u>(\$45,221)</u>	<u>(\$27,790)</u>	<u>(\$73,011)</u>
(6) Sub-Total	\$321,219		\$196,996	\$518,215	5.30	\$438,773		\$270,765	\$709,538	\$117,554	\$73,769	\$191,323
(7) FCM Contractor					0.19	\$49,990	0.00%	\$0	\$49,990	\$49,990	\$0	\$49,990
(8) FCM Administration	<u>\$9,889</u>	65.27%	<u>\$6,454</u>	<u>\$16,343</u>	0.35	<u>\$29,691</u>	62.40%	<u>\$18,527</u>	<u>\$48,218</u>	<u>\$19,802</u>	<u>\$12,073</u>	<u>\$31,875</u>
(9) FCM Sub-Total	\$9,889		\$6,454	\$16,343	0.54	\$79,681		\$18,527	\$98,208	\$69,792	\$12,073	\$81,865
(10) Billing Implementation / Support (Contractor)	\$159,169	0.00%	\$0	\$159,169	0.83	\$151,475	0.00%	\$0	\$151,475	(\$7,694)	\$0	(\$7,694)
(11) Billing Implementation / Support (Employee)	<u>\$0</u>	0.00%	<u>\$0</u>	<u>\$0</u>	0.50	<u>\$36,586</u>	62.40%	<u>\$22,830</u>	<u>\$59,416</u>	<u>\$36,586</u>	<u>\$22,830</u>	<u>\$59,416</u>
(12) Billing Implementation / Support Subtotal	\$159,169		\$0	\$159,169	1.33	\$188,061		\$22,830	\$210,891	\$28,892	\$22,830	\$51,722
(13) Total	\$490,277		\$203,450	\$693,727	6.98	\$468,464		\$550,173	\$1,018,637	(\$21,813)	\$346,723	\$324,910

Section 2: Comparison of Actual Cost for Program Year Ending March 2019 and Initial Estimated Cost for Program Year Ending March 2020

	Schedule NG-3 Actual Program Year Ending March 2019				RIPUC Docket No 4892 PUC 1-1 Estimated Program Year Ending March 2020					Comparison		
	Wages Charged	OH %	OH (\$)	Total Cost	FTE	Wages Charged	OH %	OH (\$)	Total Cost	Wages Charged	OH (\$)	Total Cost
	(a)	(b)	(c)=(a)x(b)	(d)=(a)+(c)	(e)	(f)	(g)	(h)=(f)x(g)	(i)=(f)+(g)	(j)=(a)-(f)	(k)=(c)-(h)	(l)=(d)-(i)
(1) Accounts Processing	\$34,737	49.94%	\$17,349	\$52,085	1.00	\$45,365	66.90%	\$30,349	\$75,714	\$10,628	\$13,001	\$23,629
(2) Customer Solutions	\$160,843	63.39%	\$101,951	\$262,794	3.00	\$219,390	66.90%	\$146,772	\$366,162	\$58,547	\$44,821	\$103,368
(3) DG Customer Facilitator	\$5,776	61.87%	\$3,574	\$9,350	1.00	\$70,000	66.90%	\$46,830	\$116,830	\$64,224	\$43,256	\$107,480
(4) Interconnection Consultant	\$35,643	61.71%	\$21,996	\$57,639	2.00	\$210,000	66.90%	\$140,490	\$350,490	\$174,357	\$118,494	\$292,851
(5) Energy Procurement	<u>\$84,221</u>	61.89%	<u>\$52,126</u>	<u>\$136,347</u>	0.30	<u>\$39,000</u>	66.90%	<u>\$26,091</u>	<u>\$65,091</u>	<u>(\$45,221)</u>	<u>(\$26,035)</u>	<u>(\$71,256)</u>
(6) Sub-Total	\$321,219		\$196,996	\$518,215	7.30	\$583,755		\$390,533	\$974,288	\$262,536	\$193,537	\$456,073
(7) FCM Contractor										\$0	\$0	\$0
(8) FCM Administration	<u>\$9,889</u>	65.27%	<u>\$6,454</u>	<u>\$16,343</u>	1.13	<u>\$90,000</u>	66.90%	<u>\$60,210</u>	<u>\$150,210</u>	<u>\$80,111</u>	<u>\$53,756</u>	<u>\$133,867</u>
(9) FCM Sub-Total	\$9,889		\$6,454	\$16,343	1.13	\$90,000		\$60,210	\$150,210	\$80,111	\$53,756	\$133,867
(10) Billing Implementation / Support (Contractor)	\$159,169	0.00%	\$0	\$159,169	0.83	\$151,475	0.00%	\$0	\$151,475	(\$7,694)	\$0	(\$7,694)
(11) Billing Implementation / Support (Employee)	<u>\$0</u>	0.00%	<u>\$0</u>	<u>\$0</u>	0.50	<u>\$36,585</u>	66.90%	<u>\$24,475</u>	<u>\$61,060</u>	<u>\$36,585</u>	<u>\$24,475</u>	<u>\$61,060</u>
(12) Billing Implementation / Support Subtotal	\$159,169		\$0	\$159,169	1.33	\$188,060		\$24,475	\$212,535	\$28,891	\$24,475	\$53,366
(13) Total	\$490,277		\$203,450	\$693,727	9.76	\$861,815		\$475,218	\$1,337,033	\$371,538	\$271,768	\$643,306

Section 3: Comparison of Program Year Ending March 2020 Current Estimate Provided in Schedule NG-2 to Initial Estimate of Program Year Ending March 2020 Provided in RIPUC Docket No 4892 PUC 1-1  
Section 3 = Section 1- Section 2

	Schedule NG-2 vs RIPUC Docket No 4892 PUC 1-1 Estimated Program Year Ending March 2020				
	FTE	Wages Charged	OH %	OH (\$)	Total Cost
	(e)	(f)	(g)	(h)	(i)
(1) Accounts Processing	(0.50)	(\$20,592)	-16.73%	(\$17,921)	(\$38,513)
(2) Customer Solutions	(0.50)	(\$19,390)	-4.50%	(\$21,972)	(\$41,362)
(3) DG Customer Facilitator	-	\$0	-4.50%	(\$3,150)	(\$3,150)
(4) Interconnection Consultant	(1.00)	(\$105,000)	-4.50%	(\$74,970)	(\$179,970)
(5) Energy Procurement	-	<u>\$0</u>	-4.50%	<u>(\$1,755)</u>	<u>(\$1,755)</u>
(6) Sub-Total	(2.00)	(\$144,982)	0	(\$119,768)	(\$264,750)
(7) FCM Contractor	-	\$0	0	\$0	\$0
(8) FCM Administration	0.19	\$49,990	0	\$0	\$49,990
(9) FCM Sub-Total	(0.78)	<u>(\$60,309)</u>	-4.50%	<u>(\$41,683)</u>	<u>(\$101,992)</u>
	(0.58)	(\$10,319)	0	(\$41,683)	(\$52,002)
(10) Billing Implementation / Support (Contractor)	-	\$0	0.00%	\$0	\$0
(11) Billing Implementation / Support (Employee)	-	<u>\$1</u>	-4.50%	<u>(\$1,646)</u>	<u>(\$1,645)</u>
(12) Billing Implementation / Support Subtotal	-	\$1	0.00%	(\$1,646)	(\$1,645)
(13) Total	(2.78)	(\$393,351)	0	\$74,955	(\$318,396)

PUC 2-4

Request:

Testimony at page 14 of 28 discusses billing system capitalized costs of \$1.3 million associated with Shared Solar placed in service January 2019. Please itemize and explain the capitalized costs. Also please explain any alternatives that were considered prior to incurring the costs.

Response:

The \$1.3 million of capital costs associated with the Shared Solar workstream is identified in Schedule NG-4A, Page 24 and replicated below:

<u>External Vendor costs:</u>		
(1)	IBM	\$813,053
(2)	PONTOON SOLUTIONS INC	\$292,076
(3)	CENTRIC CONSULTING LLC	\$30,763
(4)	SYSTEMS WEST PLLC	\$86,048
(5)	Subtotal	<u>\$1,221,939</u>
<u>Internal costs:</u>		
(6)	Labor	\$34,278
(7)	Overheads	\$18,049
(8)	AFUDC	\$62,091
(9)	Subtotal	<u>\$114,417</u>
(10)	Total Capital Costs	\$1,336,356

IBM was responsible for all project delivery tasks including project management, documentation, coding, testing, and delivery.

Pontoon Solutions Inc. resourced individuals that performed standard day-to-day activities associated with Renewable Energy Growth Program-related billing operations.

Centric Consulting LLC and Systems West PLLC supplied subcontractors to assist both IBM and National Grid with their aforementioned tasks.

PUC 2-4, page 2

The alternative to modifying the billing system would have been to “Do nothing / Defer project.” This alternative was not selected for the following reasons:

- Excessive manual account handling volume would jeopardize the Company's ability to accurately bill Shared Solar accounts in a timely manner.
- Manual processing increases the likelihood of error which typically requires additional time to correct and creates customer dissatisfaction.



PUC 2-5

Request:

Testimony at page 14 of 28 discusses billing system capitalized costs of \$1.48 million associated with Community RE Growth that will be placed in service May 2020. Please itemize and explain the capitalized costs. Also please explain any alternatives that are or were considered.

Response:

The forecasted \$1.48 million of capital costs associated with the Community RE Growth workstream is as follows:

	<u>External Vendor costs:</u>	
(1)	IBM	\$0.54M
(2)	Other Contractors	\$0.78M
(3)	Subtotal	<u>\$1.32M</u>
	<u>Internal costs:</u>	
(4)	Labor and Overheads	\$0.06M
(5)	AFUDC	\$0.08M
(6)	Other	\$0.02M
(7)	Subtotal	<u>\$0.16M</u>
(8)	Total Capital Costs	\$1.48M

IBM was to be responsible for all project delivery tasks, including project management, documentation, coding, testing and delivery.

“Other contractors” represents individuals to perform standard day-to-day activities associated with Renewable Energy Growth Program-related billing operations as well as subcontractors to assist both IBM and National Grid with their aforementioned tasks.

There are currently no customers enrolled in operational Community Remote DG systems. Therefore, after submitting the 2019 Renewable Energy Growth Program Factor Filing on June 28, 2019, the Company decided to defer work on the Community DG workstream, allowing National Grid's IT resources to focus on billing system enhancements needed to support its New York affiliate's Value of Distributed Energy Resources Program and its Massachusetts affiliate's Solar Massachusetts Renewable Target Program, both of which have a regulator-required implementation date and are forecasted to support hundreds of thousands of customers while by

The Narragansett Electric Company  
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PUC 2-5, page 2

comparison Community RE Growth is forecasted to support hundreds of customers. The Company plans to resume work on the Community RE Growth workstream at a future date, but in the interim it will rely on manual billing for the relatively small number of enrollees in this program.

The Community RE Growth workstream was scheduled to be placed in service in May 2020; therefore, no recovery of revenue requirement on this \$1.48 million of investment was included in the currently proposed factor, which encompasses costs to be incurred through March 2020. Until such time as the Company determines it will begin programming work to automate Community RE Growth, the Company will exclude the capital investment from the revenue requirement calculation in future Renewable Energy Growth Program filings.

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**Redacted**  
PUC 2-6

Request:

Referring to [REDACTED] REG project that was at issue in Docket 4847:

- a. Was there an overpayment of PBI?
- b. Did Grid recover any overpayment of PBI? If yes, how?
- c. Has Grid sought or will Grid seek remuneration on any overpayment of PBI?

Response:

- a. There was an over payment of \$688.24 due to an incorrect Performance-Based Incentive Rate.
- b. Yes, National Grid recovered the over payment by withholding the Cash payment of the customers incentive until the Company was paid in full. The customers account is now current.
- c. Remuneration is calculated on total PBI payments. The Company corrects any potential errors in billing by withholding bills or cash PBI payments until an individual account is current. As such, the Company will not seek remuneration on any overpayment of PBI.

PUC 2-7

Request:

Will the billing system upgrades for either Community Remote Distributed Generation (CRDG) or Shared Solar customers also serve remote or off-site net metering customers? If so, will any of the costs of the upgrades be recovered outside of the REG Factor?

Response:

The Company's billing system already contains functionality which automates the transfer of net metering credits from a Community Remote Net Metering System to an Eligible Credit Recipient.<sup>1</sup> The cost of these billing system changes would not be eligible for recovery through the RE Growth Program's cost recovery provisions but rather are recovered through base distribution rates.

System upgrades needed for the RE Growth Program's CRDG and Shared Solar programs will build upon the platform implemented to automate Community Remote Net Metering, and the cost of these changes would be eligible for recovery through the RE Growth Program's cost recovery provisions.

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<sup>1</sup> Both terms are defined in the Company's Net Metering Provision, RIPUC No. 2207.