BEFORE THE
STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of

Niagara Mohawk Power Corporation d/b/a National Grid

Cases 17-E-0238 and 17-G-0239

August 2017

Prepared Testimony of:

Staff Gas Rates Panel

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Introduction and Qualifications

Q. Members of the Department of Public Service Staff (Staff) Gas Rates Panel (Panel), please state your names, employer and business address.

A. Our names are Aric Rider and Scott McAdoo. We are employed by the New York State Department of Public Service (Department) and our business address is Three Empire State Plaza, Albany, New York 12223-1350.

Q. Mr. Rider, in what capacity are you employed by the Department?

A. I am employed by the Department as a Utility Supervisor, currently assigned to the Gas and Water Rates Section of the Office of Electric, Gas and Water.

Q. Are your credentials contained in the Staff Policy Panel Testimony?

A. Yes.

Q. Mr. McAdoo, what is your position in the Department?

A. I am an Assistant Engineer in the Office of Electric, Gas and Water in the Gas and Water Rates Section.

Q. Please briefly describe your educational

background and professional experience.

A. I graduated from the State University of New York at Canton in 2009 with an Associate's degree in Engineering Science. In 2011, I graduated from Clarkson University with a Bachelor's degree in Chemical Engineering. After Clarkson, I worked for B&W Fluid Dynamics conducting precommissioning/cleaning phases for construction projects. After working for B&W Fluid Dynamics, I received a master's degree at the State University of New York Colleges of Nanoscale Science and Engineering in 2015. I joined the Department in 2016 as a Junior Engineer.

Q. Please describe your duties in the Office of Electric, Gas and Water, Gas and Water Rates Section.

A. My duties in the Gas and Water Rates Section have been focused on several aspects of utility engineering including customer and volumetric forecasting, the designing of delivery rates, revenue allocation, sales price outs, capital expenditures (CapEx) review, depreciation review, gas adjustment clause (GAC)

reconciliations, merchant function charges, escrow account review and small water rate cases.

Q. Have you previously testified before the Commission?

A. Yes. I previously testified to CapEx and depreciation rates in Case 16-G-0257.

Summary of the Testimony

Q. Please summarize your recommendations.

A. We recommend that: (1) Niagara Mohawk Power Corporation d/b/a National Grid (Niagara Mohawk or the Company) (1) use separate Heating Degree Days (HDD) in its East and West Gate sales forecasts; (2) use accounts or customers, and not meters, in its sales forecast; (3) use additional data in its ogive analysis; (4) provide a historic Embedded Cost of Service (ECOS) study in its next rate filing; (5) collect the data required to perform a zero intercept study; (6) use the Miscellaneous Intangible Plant allocator for Information Service (IS) costs in its ECOS study instead of the Rents allocator; (7) update its lost and

unaccounted for (LAUF) gas target to include soft offs, and (8) post and maintain all monthly tariff statements on its own website.

Q. In your testimony, will you refer to, or otherwise rely upon any information obtained during the discovery phase of this proceeding?

A. Yes, our testimony will refer to and otherwise rely upon Company responses to Staff's Information Requests (IRs). These responses are contained in Exhibit___(SGRP-1).

Q. Are you sponsoring any other exhibits?

A. Yes. We are sponsoring five additional exhibits:

- Exhibit___(SGRP-2) Revenue Allocation;
- Exhibit___(SGRP-3) Rate Design;
- Exhibit___(SGRP-4) Summary of Rates;
- Exhibit___(SGRP-5) Bill Impacts; and,
- Exhibit___(SGRP-6) LAUF gas calculations and graph.

Sales Forecast

Q. Did the Company divide its sales forecast into separate geographic areas?

A. Yes. The Company divided its sales forecast

into the East and West Gate regions. The East Gate region is east of Amsterdam and includes the greater Albany area. The West Gate region is west of Amsterdam and includes Syracuse and Watertown.

Q. Please describe how the Company developed its Rate Year volumetric East and West Gate sales forecasts.

A. The Company developed two different models for each Service Class (SC): (1) a Meter Count (MC) forecast model; and (2) a Use Per Customer (UPC) forecast model. For each service class, the Company multiplied the MC and UPC forecasts to derive the total volumetric forecast for each service class.

Q. Please explain how the Company developed its MC and UPC forecasts.

A. The Company started with the actual historical monthly meter counts for the period April 2006 through and including September 2016. The Company explained in its response to IR DPS-070, which is included in Exhibit___(SGRP-1), that it then adjusted the data to account for cancelations, rebilling, and to have the most

accurate data for a billing period. The MC and UPC forecasts were developed using econometric and statistical models for the six major customer groups: (1) Residential (RES); (2) Commercial/Industrial (C/I); (3) Large Volume Accounts (LARGE); (4) Distributed Generation (DG); (5) Natural Gas Vehicles (NGV); and (6) Interruptible (IT).

Q. Please continue.

A. The Company next fit selected independent variable factors to the MC and UPC data and chose the best fit model based on the statistical results and the Company's business knowledge. The independent variables used for this purpose are a combination of time trends and economic variable factors such as population, number of households, employment, and gas and oil prices. Company witness Theodore Poe, Jr. explained on page 8 of his testimony that the Company used LOESS regression analysis to "disaggregate its Customer Group-level time series data into seasonal, trend, and residual components." The forecasts of the six major customer groups were then separated into

forecasts at the Company's internal rate code level. After the Company completed its MC forecasts, it multiplied the MC by the latest known meter-to-customer ratio to calculate the number of customers. The Company uses customer counts in its price-out. Finally, the Company multiplied the forecast MC and UPC to calculate its rate code volume forecasts.

Q. How did the Company adjust its historic usage data for weather?

A. The Company averaged 30-year average temperature observations from both the Albany and Syracuse weather stations to develop normal heating degree days.

Q. Did the Company make any specific adjustments for energy efficiency reductions or sales initiatives?

A. No, it did not.

Q. Does the Panel accept the Company's sales forecast?

A. Yes, the Panel believes the Company's forecast is reasonable. We recommend, however, that the Company's forecast be updated during the proceeding to reflect the most recent available

data.

Q. Does the Panel recommend that the Company make any changes to its sales forecast methodology in the future?

A. Yes. For future forecasting, we recommend that the Company use the HDDs from Syracuse for the West Gate sales forecast, and the HDDs from Albany for the East Gate sales forecast. We also recommend that the Company's customer forecasts use accounts or customers instead of meters. Furthermore, based on the Company's response to IR DPS-722, we recommend that the Company work collaboratively with Staff to improve its forecast.

Q. Please explain why the Panel recommends separate HDDs for the East and West Gate.

A. The Company's East and West Gate areas are geographically different and each area experiences different weather. Using separate HDDs for each Gate will improve the accuracy in the Company's sales forecast. This is particularly important because of the capacity constraints on the East Gate, as addressed by the Staff Programs and Supply Panel.

Q. Should the Company make this change as soon practicable?

A. Yes, but no longer than three years or the date of its next rate filing. We understand that it will require time for the Company to integrate the HDDs from each gate into its East Gate and West Gate sales forecasts, and verify that separate HDDs for each gate are implemented properly and tested for accuracy.

Q. Please explain why the Panel recommends that the Company's customer forecast should use accounts or customers instead of meters.

A. The Company stated in the response to IR DPS-70 that accounts are the best indicator of bill counts as compared to either customers or meters. The Company stated in response to IR DPS-198, however, that it has forecast customers in past cases and believes that there would not be a significant difference between using accounts or customers. As described above, the Company forecasts MCs and converts this number to customers after its forecast is done. The Company instead should either choose a forecast methodology that uses customers, thereby

eliminating the need for a conversion at the end of the forecast process, or a forecast methodology that uses accounts, given the Company's opinion that accounts are the most representative measure of bill counts.

Q. Should the Company make this change immediately?

A. No. We recommend that the Company implement this change in the next rate case to allow for a reasonable transition.

Rate Year Revenues at Current Rates

Q. Please describe how the Company developed its forecast of the base delivery revenues for the Rate Year.

A. For all firm sales Service Classifications (SCs), the base delivery revenue forecasts were developed using the forecast meter counts and volumetric deliveries. For firm SCs that have multiple block rates, deliveries were allocated to the usage blocks within each rate code using an ogive analysis.

Q. What is an ogive analysis?

A. An ogive analysis uses historic bill frequencies to develop a cumulative percentage distribution

for usage levels within a rate code. This cumulative distribution is then used to allocate the forecast deliveries into the usage blocks for each rate code, after which the deliveries can be priced at the applicable rate for the particular block.

Q. Please explain how an ogive analysis is performed.

A. The following calculations are required for an ogive analysis: (1) scaling, (2) accumulation, (3) interpolation, (4) un-accumulation, and (5) step volume calculation. The Company's block reports provide the data required for an ogive analysis. Block reports have three components - steps (UPC), customers and volumes - and it shows how many customers were at a specific step and how much gas they used at that step.

Q. Please describe the scaling calculation.

A. The total volume from the sales forecast is divided by the total volume from the block report. Then, the volume ratio is multiplied by the volumes in each step of the block report to scale the block report volumes to the sales forecast volumes. The two previous calculations

are completed for both steps and customers as well.

Q. Please describe the accumulation calculation.

A. For each step, the volumes and customer counts from all steps prior to that step are added together.

Q. Please describe the interpolation calculation.

A. Since each step was scaled to the sales forecast, interpolation is required to calculate the volumes and customer counts associated with each block. Linear interpolation is a process of estimating the value of an unknown data point between two other known points. The unknown data point is calculated as a point on the line connecting both known points. The limit of each block is set as a step and the volumes and customer counts associated with that step are calculated with linear interpolation.

Q. Please describe the un-accumulation calculation.

A. After interpolation, the data is un-accumulated by subtracting the previous accumulated volume from each volume step. This process is conducted for both steps and customer counts as well.

Q. Please describe the step volume calculation.
A. The step volume calculation uses both the accumulated and un-accumulated data to calculate the volumes associated with each step. The volumes between each block limit are summed to get the volume distribution for a SC's blocks.
Q. How did the Panel allocate its forecast deliveries into rate blocks?
A. We used the same method as the Company, except that we grouped deliveries by SC rather than by rate codes. Each SC contains multiple rate codes. We allocated our forecast to the usage blocks within each SC using our own ogive analysis model.
Q. Why did the Panel group deliveries by SCs rather than by rate codes?
A. We grouped deliveries by SCs because it is a more efficient way to forecast since there are significantly less SCs than rate codes. We do not believe that forecasting sales by rate codes would achieve any significant increase in accuracy.
Q. Does the Panel have any recommendations regarding the Company's ogive calculations?

A. Yes. We recommend that the Company add incremental steps between customers with no usage and the amount of therms covered in the minimum charge in its block reports for all SCs that are analyzed using ogive curves. The use of more data will reduce the error arising from the linear interpolation of ogive curves. The Company demonstrated in its response to IR DPS-534 that it already has the incremental data needed to improve its ogive analysis as we recommend.

Q. What does it mean to price-out a sales forecast?

A. The price-out calculates the amount of base delivery revenue for each SC or rate code at certain rates.

Q. Did the Panel price-out the Company’s sales forecast?

A. Yes.

Q. Did the Panel’s sales forecast price-out corroborate the Company’s price-out?

A. Yes. The difference between our price-out and the Company’s was minimal.

Q. Do you agree that the Company’s price-out should be used?

A. Yes, we recommend that the Company's price-out be accepted.

Q. Did the Consumer Services Panel recommend a change to the Excelsior Jobs Program (EJP) discount rates?

A. Yes. The Consumer Services Panel recommended that the EJP discounts be aligned with participating customers' marginal costs of service, and that the new rates be phased-in over a five-year period.

Q. Did the Panel account for the reduced EJP discounts in its price-out?

A. We did not modify the Company's price-out to account for the reduced EJP discounts. We recommend that the Company's price-out be updated to account for the Commission's decision on whether, and when, the EJP customers should be transitioned to the new rates.

Cost of Service Study

Q. Did the Company file a cost of service study in this proceeding?

A. Yes. The Company filed both a Pro Forma ECOS study and a Marginal Cost of Service (MCOS)

study.

Q. Please briefly explain how the Company's ECOS study was performed.

A. The ECOS study was prepared by analyzing each element of the utility's revenue requirement, and assigning it to or allocating it among the rate classes. The ECOS study was performed using a specialized model, developed by the HSG Group, Inc., that uses the traditional three-step process of functionalization, classification, and class allocation.

Q. Does the Panel have any recommendations regarding the allocators embedded in the ECOS study?

A. Yes. We recommend that the allocator used to assign IS project cost responsibility should be changed. Currently, most of the IS projects are performed by the service company, which charges the Company a rent for its proportionate share of project costs. For this reason, all IS projects currently are allocated to account 931 – Rents. The Rents account traditionally includes rents for any property that the Company uses, occupies, or operates, but does not own.

It is not appropriate to allocate IS costs in an account with dissimilar assets. The Company stated in its response to IR DPS-273 that it would allocate all IS assets that are intended for the sole use of Niagara Mohawk to account 303 - Miscellaneous Intangible Plant. The Panel thus recommends that the Company assign all IS costs using the Miscellaneous Intangible Plant allocator instead of the Rents allocator.

Q. Please briefly explain how the Company classified the cost of mains in the ECOS study.

A. The Company classified mains as both customer-related and demand-related, based on the zero intercept study that it performed in 2008.

Q. Briefly explain why the Company used the 2008 zero intercept study.

A. The Company explained in response to IR DPS-PF97 that it used the 2008 zero intercept study because it no longer tracks the data required to perform a more current zero intercept study.

Q. Did the Company verify that the 2008 zero intercept study remains reasonable?

A. The Company conducted a zero load study and compared the results of its 2008 zero intercept

study to the most recent Brooklyn Union Gas Company d/b/a National Grid NY (KEDNY) and KeySpan Gas East Corporation d/b/a National Grid LI (KEDLI) zero intercept studies. The Company claims that the results of its zero load study, along with the results of the KEDNY and KEDLI zero intercept studies, validate that it is reasonable to continue relying on the 2008 zero intercept study.

Q. Does the Panel have any concerns with the use of the Company's 2008 zero intercept study?

A. Yes. As shown in the Company's Exhibit___(G-RDP-3), Schedule 9F, its zero load study divides pipe installation expenses into three categories: material costs; labor costs; and other costs. The Company calculates its customer portion as the labor expense expressed as a percentage of the sum of these three categories. Consistent with the Company's response to IR DPS-71, some labor costs are included in the other costs category and not in the labor costs category. We conclude that excluding these labor costs skews the results of the Company's zero load study. The Company

compared itself to its affiliated downstate utilities KEDLI and KEDNY in its Gas Rate Design Panel's direct testimony, which have 41.65 percent and 37.91 percent customer components, respectively. The Company used this comparison to argue that the KEDLI and KEDNY's zero intercept studies validate that the Company's 2008 zero intercept study is still applicable.

Q. Please continue.

A. The Company's comparison to KEDLI and KEDNY does not specify the magnitude of the customer or demand components. We compared the Company's 45.5 percent customer component to National Fuel Gas Distribution Corporation's (NFG) latest zero intercept study, which resulted in a 58.56 percent customer component. We determined that if the Company had performed a current zero intercept study, its results could potentially be significantly different than its 2008 zero intercept study. The comparison of the Company's 2008 zero intercept study to KEDLI, KEDNY, and NFG resulted in a wide range of potential results if the Company had a current zero intercept study. Since distribution mains

are the Company's largest gas account, the Panel believes that the Company should have a current zero intercept study as a basis to allocate costs.

Q. Why does the Company no longer collect the information required for a zero intercept study?

A. According to the Company's response to IR DPS-283, its current plant accounting system, PowerPlant, tracks main installation data with the exception of pipe diameter. The pipe diameter information is instead currently tracked in the Company's Geographic Information System (GIS) system. The Company's previous plant accounting system tracked pipe installation data including pipe diameter. When it was replaced, however, the Company decided to track pipe installation data through both its plant accounting software and its GIS system. The Company explained in response to IR DPS-283 that, "[b]ecause pipe diameter data is not tracked in Form 103 PowerPlant, the Company is unable to obtain all of the necessary cost component data for recent main installations for purposes of supporting the Embedded Cost of

Service Study and, therefore, relied on the results of the study that was used in the 2008 rate case."

Q. Does the Panel have any recommendations regarding the Company's zero intercept study?

A. Yes. We recommend that the Company collect the data required for a zero intercept study so that the study can be updated in the Company's next rate case. We understand that Gas Business Enablement will allow the Company to track and record the data required to perform a zero intercept study.

Q. How did the Company use the results of the ECOS study?

A. The Company used the results of the ECOS study to guide revenue allocation and rate design, and to establish components of the Merchant Function Charge and Billing Charge.

Q. Does the Panel agree with the Company's use the ECOS study results?

A. Partially. We would prefer the Company use a historical ECOS study to guide the revenue allocation process. A pro-forma study is forward looking and, in our opinion, can

introduce additional errors in the results. We believe it is more appropriate to use the historic cost of service study to guide revenue allocation, unless very large changes in utility operations are projected. Regardless, we used the Company's study as a basis to review the proposed MFC. We believe that the allocation of the Company's largest account is not reliable and there is additional error from conducting a pro-forma ECOS study, so we did not use the study to guide our revenue allocation or rate design process.

Gas Revenue Allocation

Q. Please describe the Company's revenue allocation methodology.

A. The Company stated that it considered the costs to provide the type and quality of service required by each SC, as determined in the ECOS study, while considering impacts on customers. The Company allocated an increase of 23.5 percent to SC No. 1 – Residential Service and SC No. 7 – Small Volume Firm Transportation Service, a lower increase to SC No. 2 – Small

General Service, SC No. 3 – Large General Service, and SC NO. 12 – Non-Residential Distributed Generation Service, and a higher increase to SC No. 5 – Firm Transportation Service, SC No. 8 Transportation Service with Standby Sales Service and SC No. 13 – Residential Distributed Generation Service based on the indications of the ECOS study. The only class that was not allocated incremental revenues was SC No. 10 – Natural Gas Vehicle (NGV) Service.

Q. How does the Panel recommend the incremental revenue requirement be allocated in these proceedings?

A. The Panel recommends that every class receive an equal percent increase except for SC No. 10, SC No. 12, and SC No. 13 because we do not believe that the Company's ECOS study is reliable, for reasons discussed earlier. Our revenue allocation to the firm service classifications at Staff's recommended revenue requirement is presented in Exhibit___(SGRP-2).

Q. Did the Panel make any adjustments before allocating the incremental revenue requirement?

A. Yes. We followed the same method the Company described in its Gas Rate Design Panel's Direct Testimony. The late payment revenues were adjusted by calculating a ratio of the Historic Test Year (HTY) late payment revenues to the total HTY revenues, and multiplying this ratio by the total revenues in the Rate Year.

Q. Why did the Panel choose to not allocate any of the revenues to SC No. 10 - NGV Service Class?

A. We recommend that, to support the growth of this service and the environmental benefits that it provides by contributing to the State's emission reduction goals, no incremental revenue requirement should be allocated to this SC. The benefits of NGVs are discussed in the Staff Gas Programs and Supply Panel Testimony.

Q. Why did the Panel allocate no incremental revenues to SC No. 12 and SC No. 13 Distributed Generation Service Classes?

A. We believe that in order to support and promote the growth of this service and the benefits and goals associated with the Order adopting a ratemaking and utility revenue model policy framework, in accordance with Commission Order

14-M-0101, they should be excluded from the allocation.

Q. Did the Staff Markets and Energy Efficiency Panel propose to move the Energy Efficiency Tracker Surcharge (EES) into base rates?

A. Yes.

Q. How did the Panel account for the Staff Markets and Energy Efficiency Panel's proposal?

A. As shown in Exhibit___(SGRP-2), we subtracted the total EES revenues from the incremental revenue requirement because each class is not allocated an equal percentage increase of the EES. Then we allocated the EES revenues based on the Company's Exhibit___(G-RDP-2 CU) - Forecast Gas Revenue.

Gas Rate Design

Q. What is the Company's gas rate design proposal?

A. The Company's Gas Rate Design Panel proposed to keep all minimum charges constant except for New York State Electric and Gas Corporation (NYSEG), a gas customer of Niagara Mohawk, and to apply an equal percentage increase to the block rates for every SC except SC No. 1 and NYSEG. The

Company increased NYSEG's minimum charge, demand charge, and volumetric rate by an equal percentage. The SC1 tail block rate was increased by a higher percentage to ensure that the average customer's increase was close to the overall SC1 increase.

Q. Does the Panel agree with the Company's proposed rate design?

A. We generally agree with the Company's method, but we disagree with the Company's proposed rate design for SC No. 1. We recommend that an equal percentage increase be applied to the volumetric blocks for all SCs to produce Staff's recommended revenue requirement. Our recommendation will produce more even bill impacts to customers within each SC. Our firm service classification rate design is presented in Exhibit___(SGRP-3), and a summary of rates is presented in Exhibit___(SGRP-4). Furthermore, bill impacts are shown in Exhibit___(SGRP-5).

Q. Why does the Panel disagree with the Company's proposed SC No. 1 rate design?

A. We disagree with the Company's SC No. 1 rate design because it could lead to a

disproportionately large increase for certain customers. The Company's choice to allocate a larger percent of the revenue increase to the tail block would lead to larger bill impacts in the winter. Also, as shown in the response to UIU-1, which is included in Exhibit___(SGRP-1), low income customers generally have higher usage. Therefore, the Company's proposed rate design would lead to larger bill impacts for these customers within SC No. 1. Our approach would lead to more even bill impacts for all customers.

Q. Why does the Panel agree with the Company's proposed rate design for NYSEG?

A. The increase in fixed costs will help reduce the overall gas adjustment clause annual imbalance for NYSEG. Since variable costs are reduced, NYSEG should be able to more accurately forecast its gas costs. Due to the reasons described above, we agree with the Company's proposed NYSEG rate design.

Merchant Function Charge

Q. Please describe the Company's proposed MFC.

A. The Company's current MFC is designed to recover certain expenses associated with providing gas procurement functions for firm sales customers, firm transportation customers, and Energy Service Companies (ESCOs) that participate in the Purchase of Receivables (POR) program. The MFC is designed to recover the costs associated with gas supply procurement, commodity-related credit and collection expenses, commodity-related uncollectible expenses, the return requirement on gas storage inventory, and commodity related working capital expenses. For transportation customers, the MFC is designed to recover the return requirement on gas storage inventory that the Company manages on their behalf. The POR program recovers commodity-related uncollectible costs and credit and collection expenses.

Q. Does the Company propose to modify its MFC?

A. Yes. The Company's Gas Rates Panel testimony explained its proposal to modify the MFC by: (1) changing the reconciliation period to match the Monthly Cost of Gas year (twelve months ending August 31); and (2) updating the MFC to reflect

the proposed target.

Q. Does the Panel agree with the Company's proposed changes to the MFC?

A. Yes, the total amount to be collected through the MFC is close to the amount that the Company has collected historically. We do not anticipate any material change in the factors that drive this cost and, therefore, we accept the Company's updates. Also, because the Company uses a pro-forma ECOS study, the MFC should be updated based on the overall revenue requirement granted by the Commission. Furthermore, we recommend that the Company update its MFC target for the uncollectible rate set by Commission order in this proceeding.

Revenue Decoupling Mechanism (RDM)

Q. Did the Company propose to modify the RDM?

A. Yes. The Company proposed to update the targets for all classes included in the RDM.

Q. Does the Panel recommend any modifications to the Company's RDM proposal?

A. No. However, we recommend that the RDM targets be updated based on the revenue and customer

counts approved by the Commission in this proceeding.

Net Revenue Sharing (NRS) Mechanism

Q. Did the Company propose to update its Net Revenue Sharing Mechanism?

A. Yes. The Company is proposing to update its targets for SC No. 6, SC No. 9, and SC No. 14 to $2,503,905, $3,864,072, and $13,088,293, respectively.

Q. Does the Panel recommend any changes to the Company's NRS proposal?

A. No. As explained previously in our testimony, we are accepting the Company's non-firm forecast.

Lost And Unaccounted For (LAUF) Gas

Q. What is LAUF gas?

A. LAUF gas refers to the disparity between the amount of gas metered into a local distribution company's (LDC) system and the amount of gas billed for, and metered out of, the LDC's system.

Q. What is the Company's current methodology to

calculate LAUF gas?

A. The Company calculates LAUF by subtracting its total deliveries excluding dedicated line customers, or the gas metered out of its system, from its total receipts excluding dedicated line customers, or the gas metered into its system. This value is divided by the total receipts to get the actual LAUF. A fixed five-year average was used to calculate the LAUF target.

Q. Does the Panel have any recommendations regarding the LAUF gas calculation?

A. Yes. The Panel recommends that the Company include metered accounts with no associated customer (soft-off) in its metered deliveries for its LAUF gas calculation. We calculated the LAUF target and dead band including soft offs from the Company's response to IR DPS-565, as shown in Exhibit___(SGRP-6).

Q. Why is this recommendation reasonable?

A. The Company metered gas usage without associated customers. Since the Company chose not to lock the meter after a customer ended service, it is responsible for the gas used. Due to the fact that gas was being metered and is not LAUF gas,

the historic information needs to be adjusted.

Q. With the adjustment of historic soft off usage, what does the Panel recommend the LAUF gas target and the limits of the dead band be?

A. Based off the calculation in Exhibit___(SGRP-6), the LAUF gas target should be set at 1.516 percent, the top of the dead band should be set at 2.516 percent, and the bottom of the dead band should be set at 0.516 percent.

Q. Does the Panel have other adjustments related to soft off gas usage?

A. Yes, we recommend that the Company calculate the potential benefit it received when accounting for the soft off gas usage identified in its response to IR DPS-565. The Company should refund the amount to impacted customers, with interest, in its next annual gas adjustment clause reconciliation filing.

Gas Tariff Provisions

Q. Did the Company propose any updates to its gas tariff?

A. Yes. The proposed updates are shown in the response to UIU-62, which is included in

Exhibit___(SGRP-1).

Q. Does the Panel agree with the Company's proposed tariff changes?

A. Yes, except for the language on leaves 94, 100, 125, 130, 141, 145, 150, 155, 160, 167, and 216.1, which states that the Company's monthly statements will be available on the Commission's website.

Q. Why does the Panel disagree with this proposed language?

A. The Company is responsible for the accuracy and availability of its monthly statements. Moreover, customers are more likely to try to find information from the Company. Thus, it is appropriate to make the statements available on the Company's own website in addition to pointing customers to the Commission's website. We, therefore, recommend that the Company post and maintain its monthly gas statements on its own website.

Q. Does the Panel have any further recommendations regarding the Company's tariff?

A. Yes. We recommend that the Company perform a study on streamlining its tariff and the tariffs

of its downstate affiliates, KEDNY and KEDLI. The streamlining should provide administrative benefits since all three Companies are owned and operated by National Grid.

Q. When should the Company submit this study?

A. The study should be submitted by the later of the next Company or downstate affiliate rate case filing to give the Company enough time to conduct the study.

Q. Does this conclude your testimony?

A. Yes.