

December 12, 2012

CASE 12-E-0201 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Niagara Mohawk Power Corporation d/b/a National Grid for Electric Service.

CASE 12-G-0202 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Niagara Mohawk Power Corporation d/b/a National Grid for Gas Service.

**ALJ questions regarding the Joint Proposal filed December 7,
2012**

Any party may respond to any question, although responses to all questions are expected from Staff and the Company, either jointly or separately. Responses should be included in Statements due December 21, 2012. If there are responses that are not complete by that date, the Statement should indicate a response date in advance of the January 7, 2013 hearing.

Question numbers follow the section numbering in the Joint Proposal.

2.2

- a) What is the significance of excluding Economic Development Grant, Low Income Discount Program, AffordAbility Program, and the street lighting deferral from the deferral credits?
- b) Is there expected to be a balance of deferral credits at the end of Rate Year Three?

3.2

How is the expiring electric surcharge allocated? Does the expiration of the surcharge affect the gradualism reflected in the revenue allocation schedules in the JP?

3.3

A public comment was submitted on December 4, 2012 related to electric customers with solar installations that pay a year-round demand charge by virtue of exceeding a 2,000 kWh threshold during a winter month. Respond to this comment, and explain whether a revision to accommodate solar customers should or could be entertained without substantially affecting the JP.

3.3(a)

Would a customer whose demand in Rate Year One turns out to be identical to the customer's historic demand pay the same overall amount with and without the change proposed?

3.4.1

Is any provision made for applying any credit balance in Rate Year Four or beyond in the event the company does not file for new rates at the conclusion of the rate plan?

3.4.4

- a) Confirm that, under the Alternate Proposal for Use of Deferred Credits, in year four (all other things being equal) revenues would increase by \$54.867 million.
- b) Related to JP 13.2, is the parties' support of the JP contingent on a choice between the preferred approach (3.4.1) and the alternate proposal (3.4.4) or are the parties agreeable to any alternate schedule for disposition of the credits determined by the Commission?

3.7.5

During the last ten years, what has been the difference, if any, between the month of the New York Control Area summer peak and the month of the NMPC system peak?

4.4.3

Same questions as for 3.4.4 above. Confirm that the rate impact in year four would be an \$18.117 million increase (all else equal) and indicate whether parties' agreement is limited to the two alternatives provided in the JP.

3.5(b)

Explain why the electric revenue forecast in Appendix 2 Schedule 2 differs from the target revenues for RDM reconciliation purposes in Appendix 2, Schedule 14.

3.5(d)

Explain why EZR customers will be exempt from RDM reconciliation. Provide an estimate of the percent of total sales that would be exempt under this provision.

3.7.2 and 3.7.3

Provide a mathematical bill comparison of regular and time-of-use rates giving a breakdown of all delivery and commodity charges, detailing information that would be relevant to the decision of an average single-family home residential customer on whether to switch to time-of use rates. Provide a similar bill comparison for an average multi-family dwelling residential customer.

3.7.3

Describe in more detail the expansion of time of use commodity rates to SC-1 customers. Will the time of use rate be

voluntary? Will the customer charge for time of use customers differ from the customer charge for non-time-of-use customers?

3.7.6 and 4.11.2

a) Is there a low-income rate or credit for the charges to re-establish service?

b) Explain why charges for reestablishing electric service during business hours are increasing while similar charges for gas are being reduced.

4.4.1

Is any provision made for applying any credit balance in Rate Year Four or beyond in the event the company does not file for new rates at the conclusion of the rate plan?

4.10

Provide a plain language explanation for each item.

6.1.3

What are the constraints on the total amount of economic development discounts granted?

6.1.14 (and 5.5)

The Commission's November 28, 2012 order in Case 11-M-0034 stated that individual rate decisions might impose a sharing requirement for SIR costs in the context of excess earning sharing mechanisms. Address whether it would be reasonable for the Commission to impose such a mechanism in this case.

6.1.18(a)

Why are no carrying charges to be calculated on RPS program costs? What is the annual balance of such costs held by the company for the last three years?

6.2.1 through 6.2.6

What happens to the proposed reconciliations in Rate Year Four or beyond in the event of a stayout?

6.2.5

Will variable pay extend to management?

6.2.6

Is reconciliation of property tax expense performed by any other New York utilities? Explain the rationale for this change, including support for the 80/20 ratio, and describe whether, or how, the new reconciliation formula will create incentives for the company to minimize this expense.

7.2.1 through 7.2.9

What happens to the proposed reconciliations in Rate Year Four or beyond in the event the company does not file for new rates at the conclusion of the rate plan?

8

- a) It is possible that various investigations following Hurricane Sandy may result in recommendations for substantial departures from current practice in planning and designing infrastructure - for example, increased undergrounding of electric lines. Does the JP either include or preclude a mechanism to accommodate such changes if they occur within the time-frame of the rate plan? Explain how such changes in planning (if any) should be treated by the Commission.
- b) Describe the consistency of electric and gas capital investment plans with the Energy Highway Blueprint.
- c) What happens to capital investment levels in Rate Year Four or beyond in the event the company does not file for new rates at the conclusion of the rate plan?

9

Do the performance metrics provide for levels in Rate Year Four or beyond in the event the company does not file for new rates at the conclusion of the rate plan?

10

Do the performance metrics provide for levels in Rate Year Four or beyond in the event the company does not file for new rates at the conclusion of the rate plan?

11.5

The collaborative has no target date for a report to the Commission. What would be a reasonable target date, consistent with Case 12-M-0476?

11.6

Provide an estimate of the actual avoided cost per customer of paperless billing. Explain why any difference between the actual avoided cost and \$.40 is retained by the Company.

11.7

The collaborative has no target date for a report to the Commission. What would be a reasonable target date, consistent with Case 12-G-0297?

11.8

Provide an estimate of the number of customers that can participate, given a \$1 million annual budget, and the potential demand for the program.

12.1

Does any provision of the JP address the anticipation of future plant closings and the minimization of related expected and unexpected expense to ratepayers?

12.2.1

a) Explain in more detail the meaning of the phrase "SLAs that contain service descriptions that align with the stated budget cost for each service ..."

b) Staff Accounting Panel testimony (pp 151 ff) describes concerns over a lack of external comparisons of service company costs. The JP provides for a three-year process for developing such comparisons. Assuming that this process is effective on a prospective basis, what assurance does the Commission have that the costs reflected in the JP for Rate Years 1-3 are reasonably competitive?

12.6.4

Does the rate plan in the JP contain funding to implement the Buffalo street light cable replacement plan?

12.9

a) Will the 12-month review of SAP compare allocations under SAP to allocations in the test year that support the rate plan in the JP? What recourse is available to the Commission if the review reveals problems in allocation or other factors assumed in the JP that may have operated to the detriment of Niagara Mohawk ratepayers?

b) Staff Accounting Panel testimony (p. 165) recommends that the 12-month review analyze whether Niagara Mohawk is properly benefitting from economies of scale. Will economies of scale be considered in the 12-month review, and if not, explain why not.

12.10

Considering the ongoing reviews of allocation and external cost comparison established in the JP, explain why a temporary rate mechanism, comparable to the one implemented in Case 10-E-0050, is not warranted in this proceeding.

12.11

- a) Do the figures of \$10.1 million and \$2.7 million represent the stay-out premium for electric and gas, respectively?
- b) Explain the value to ratepayers of a stay-out premium where the Company retains the option to file for new rates.