Before the Public Service Commission

KEYSPAN GAS EAST CORPORATION d/b/a NATIONAL GRID

Rebuttal Testimony

of

The Revenue Requirements Panel

Case 19-G-0310

September 18, 2019

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Table of Contents

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I. Introduction

Q. Please introduce the members of the Revenue Requirements Panel.

A. The Panel consists of James M. Molloy, David B. Doxsee, and Stephanie A. Briggs.

Q. Is this the same Panel that previously submitted direct, supplemental, and corrections and updates testimony in this proceeding?

A. Yes. The terms defined in the Panel's direct testimony have the same definitions here.

Q. What is the purpose of the Panel's rebuttal testimony?

A. The Panel responds to various adjustments proposed by Staff and intervenors in their direct testimonies dated August 30, 2019. In particular, the Panel addresses the following subjects: (i) proposed revenue adjustments; (ii) proposed O&M expense adjustments; (iii) regulatory deferrals; (iv) proposed adjustments to taxes other than income taxes; (v) rate base adjustments; (vi) federal income tax adjustments; and (vii) proposed changes to depreciation. In addition, the Panel addresses adjustments proposed by Staff that the Company previously agreed to adopt in information request ("IR") responses or agrees to adopt in rebuttal, and also addresses corrections to Staff's exhibits and testimony that the Company has identified.

Q. Does the Company respond to each of Staff's and the intervenors' proposed adjustments and recommendations?

A. No. In this testimony, as well as the rebuttal testimony of the other Company witnesses, the Company is only responding to certain issues. Where the Company accepts an adjustment or agrees with an issue, such acceptance or agreement is explicitly acknowledged. The Company's silence on a particular adjustment or recommendation should not be construed as acceptance or waiver of a particular issue or as creating precedent for any future proceeding. The Company relies on its direct, supplemental, and corrections and updates testimonies as support and justification for those items not specifically addressed in its rebuttal testimony.

Q. How has the Panel organized its rebuttal testimony?

A. The rebuttal testimony addresses proposed adjustments following the general order the adjustments are presented in the Staff Revenue Requirements Panel's ("SRRP") Exhibit __ (SRRP-1), Schedules 7a through 7c.

Q. Does the Panel sponsor any exhibits?

A. Yes. The Panel sponsors the following exhibits that were prepared by or under the supervision and direction of one or all members of the Panel and that, in all cases, refer to KEDLI.

Exhibit ___ (RRP-1R)	Summary Revenue Requirements Pages
Exhibit ___ (RRP-2R)	Net Utility Plant and Depreciation Expense
Exhibit ___ (RRP-3R)	Relevant Portions of Company IR Responses
Exhibit ___ (RRP-4R)	Staff IR Responses

Q. In rebuttal, the Panel references various IR responses. Where can those responses be found?

A. The Company's IR responses referenced by the Panel have been compiled in Exhibit ___ (RRP-3R) except for those responses included as exhibits to Staff's direct testimony. Because of the size of some of the responses, the Company included only relevant pages and attachments. Staff's responses to Company IRs referenced herein have been compiled in Exhibit ___ (RRP-4R).

II. Overall Revenue Requirement

Q. Is the Company proposing any changes to the revenue requirement in this filing?

A. Yes. The Company's corrections and updates filing reflected a revenue requirement of $61.2 million. Based on the Company's review of the direct testimony filed by Staff and the intervenors, as well as discovery submitted since the time of the corrections and updates filing, the Company has accepted several adjustments and reflected certain updates to the revenue requirement. Exhibit ___ (RRP-1R) sets forth the Company's position on each of the adjustments proposed by Staff.

In addition, the revenue requirement reflected in the corrections and updates filing assumed the NESE project would be completed by the winter of 2020/2021. In this rebuttal filing, the Company adjusted the revenue requirement to assume the NESE project will not be completed within that timeframe. Specifically, the Company includes adjustments that were identified in its supplemental filing, which the Staff Revenue Requirements Panel ("SRRP") reflected in Exhibit ___ (SRRP-1), Schedule 7a, together with certain other adjustments (*e.g.,* an updated revenue forecast and updates/corrections discussed by the Company's GIOP). In principle, the Company agrees with the need for the additional no-NESE project adjustments reflected by the SRRP in Exhibit ___

(SRRP-2), Schedule 7b, but disagrees with the calculation of some of those adjustments. In addition, the Company disagrees with the adjustment to Other Initiatives listed in that schedule, as discussed by the Future of Heat Panel. The Company included the agreed adjustments in the revenue requirement. Any disagreement is discussed below.

Q. What is the updated Rate Year revenue requirement?

A. The updated revenue requirement is $66.523 million.

Q. Does the Panel have any general comments regarding the adjustments proposed by Staff to the revenue requirement?

A. Yes. It is important for the Commission to recognize that, in total, the adjustments and proposals made by Staff, if adopted, would provide a level of rate relief that would not provide the Company with the revenues needed to provide safe and reliable service to customers, earn a reasonable return on its investment, continue to attract capital on commercially reasonable terms, and deliver on the Commission and State's clean energy goals. Staff proposes a return on equity of 8.2 percent, which would be the lowest ROE approved for a gas distribution utility in the United States. Moreover, although Staff says throughout its testimony that the Company should invest at levels the Company deems appropriate, Staff's proposals effectively deny the Company funding for programs and investments it believes are critical to advancing safety and reliability. Indeed, in many cases, Staff's proposals would require the Company to absorb material costs of doing business. Specific examples include:

- *Information Technology*. A disallowance of $114.4 million of the Company's projected capital IT investments that must be incurred to modernize the Company's aging infrastructure and enable key customer and operations programs.
- *GBE* Program. A disallowance of more than $57 million in costs that will need to be incurred for the benefit of customers to progress the project, which is needed to build a modern platform that enhances safety and supports customer demands.
- *Unidentified Savings*. An adjustment to impute more than $3 million in incremental, unidentified savings on top of the more than $15 million in savings already reflected in the Rate Year.
- *Future of Heat*. Virtually no funding for the Company's Future of Heat programs, which are designed to advance cost-effective, reliable, heating sources that help reduce carbon emissions on the gas network.

In addition to proposing significant disallowances of costs that the

Company will need to incur in the Rate Year, Staff also proposes a series of downward-only true-ups for costs associated with full-time equivalents, Service Company IT rent expense, GBE, and credit cards. At the same time, Staff rejects the limited true-ups sought by the Company for costs over which it has no limited control such as property taxes. The proposed downward only true-ups effectively preclude the Company from retaining efficiencies found to offset the costs that Staff proposes to disallow and thus achieve the additional productivity that Staff proposes to impute. On top of this, Staff proposes to modify the Company's performance metrics substantially, adding more stringent targets, but not providing funding to meet these new targets. These proposals effectively result in a further disallowance of costs by increasing the likelihood that the Company will incur negative revenue adjustments.

The combined effect of all of Staff's adjustments is that the Company would be saddled with the lowest ROE authorized in recent years for a gas utility and, at the same time, effectively precluded from earning it. This end-result is unreasonable and unjustified and creates grave concern as to whether the Company will be able to continue to attract necessary capital on commercially reasonable terms in an environment in which the Company is facing increased opposition to any sales growth in its business and is experiencing a supply constraint that, along with Staff's proposals in this filing, is effectively foreclosing it from pursuing current growth opportunities.

Over the term of its current rate plan, the Company has invested billions of dollars in its gas distribution network to support safe operations, met and exceeded all customer and gas performance metrics, and improved its compliance performance year over year. In that same time period, the regulatory landscape has seen significant changes that will likely have material impacts on the Company's costs and programs going forward. The proposed rate plan was designed to address in a balanced manner issues raised by Staff and other stakeholders and take important step changes necessary to lead the transition to New York's energy future. As discussed herein, as well as through the Company's direct and rebuttal testimonies, the recommendations advanced by Staff in this proceeding would not achieve a similar result.

III. Operating Revenues Adjustments

Q. Please summarize Staff's proposed adjustments to Operating Revenues.

A. Staff proposed two adjustments to Operating Revenues that are reflected in Exhibit __ (SRRP-1), Schedules 7a and 7b. The first adjustment was made to reduce Operating Revenues to reflect the unavailability of the NESE project. The second adjustment was made to reflect the Company's latest sales forecast. Although the Company agrees these adjustments are required, the Company does not agree with Staff's calculations of the adjustments. The rebuttal testimony of the Company's Rate Design Panel provides the corrected calculations.

IV. O&M Expense Adjustments

Q. Please summarize Staff's proposed adjustments to O&M expense.

A. Staff's proposed adjustments to O&M expense are shown in Exhibit ___ (SRRP-1), Schedules 7a, 7b, and 7c.

A. Consultants

Q. Does Staff make any adjustments to consultants expense?

A. Yes. The SRRP proposes to disallow $0.714 million in costs associated with work performed by a consultant, AlixPartners LLP, in the Historic Test Year. The basis for the adjustment is the SRRP's belief that these charges will not recur in the Rate Year.

Q. Does the Company agree with Staff's proposed disallowance?

A. No. As explained in the response to IR DPS-807, the Company uses consultants like AlixPartners LLP to provide services aimed at ensuring the efficient delivery of the IT portfolio. While the SRRP contends that "it is not reasonable" for the Company to use a consultant to perform this type of work again in the Rate Year (at 15-16), the Company submits that it would be unreasonable and imprudent if it did not. The IT portfolio is ever-changing to keep pace with evolving customer and stakeholder needs. The Company will continue to engage the services of consultants like AlixPartners LLP to look proactively for ways to maintain existing efficiencies and ensure the effective operation of the portfolio. Such work would be expected of any major company with an IT portfolio as large as the Company's – especially given the potential benefits that could accrue to customers from this work. Therefore, these costs are fully expected to recur in the Rate Year and should not be adjusted from the cost of service.

Q. In support of its position, the SRRP contends (at 16-17) that individual work performed by AlixPartners LLP such as work to refresh the Company's IT strategy will not recur because the Company has already undertaken this work. Does the Company agree with the SRRP's position?

A. No. The SRRP's view of what constitutes recurring work is too narrowly focused. This is just one item under a broad category of work that is done to manage the IT portfolio. Although this specific item may not recur every year, that does not mean that other work to evaluate and assess the IT portfolio will not recur. For instance, work to assist with contract negotiations, work to analyze system investments, and benchmarking with other organizations is all work that consultants such as AlixPartners LLP provide and will continue to provide in the Rate Year.

Q. Is there an additional reason why the SRRP's adjustment should be rejected?

A. Yes. As explained in the response to IRs DPS-931 and DPS-933, the work performed by AlixPartners LLP resulted in annual run rate savings of $22.1 million, of which $16.6 million is reflected in the revenue requirement in the Rate Year and Data Years. Therefore, customers received a significant benefit from the very work for which the SRRP seeks to disallow cost recovery. This further shows the unreasonableness of the SRRP's proposed adjustment.

B. <u>Other Expense</u>

Q. Please summarize Staff's adjustments to other expense.

A. The Staff Accounting Panel ("SAP") makes one adjustment to remove $1.153 million in costs associated with vendor PSEG Long Island LLC.

Q. Does the Company agree with the adjustment?

A. The Company agrees with the need for the adjustment but disagrees slightly with the amount. The correct amount of the adjustment should be $1.131 million, as reflected in the response to IR DPS-833 Supplemental.

C. <u>Service Company Rent Expense</u>

Q. Does Staff make any adjustments to Service Company rent expense?

A. Yes. The Staff Information Technology Panel ("SITP") proposes four adjustments to Service Company rent expense.

Q. Please describe the SITP's first adjustment.

A. The SITP proposes to remove the costs associated with the Community Distributed Generation Low Income Bill Discount program.

Q. Does the Company agree with the SITP's proposal?

A. The Company acknowledged in response to IR DPS-620 that the costs of the project should be removed. However, as explained in the rebuttal testimony of the Company's IT Panel, there is an error in the SITP's calculation of the adjustment.

Q. Please describe the SITP's second adjustment.

A. Staff recommends an adjustment of $2.805 million to Rate Year Service Company rent expense to reflect its reduction of the Service Company return on assets rate from 8.52 percent to 7.54 percent.

Q. Does the Company agree with the SITP adjustment?

A. In principle, the Company agrees that, for ratemaking purposes, the ROE for the Service Company asset recovery should match KEDLI's ROE. Because the Company's position on KEDLI's ROE differs from Staff's, the Company is setting the Service Company ROE to match KEDLI's ROE as supported by Company Witness Bulkley.

Q. Did the SITP have any other adjustments to the return used for the Service Company asset recovery?

A. Yes, the SITP adjusted the Service Company debt rates to match those used to calculate KEDLI's rate of return.

Q. Does the Company agree with the SITP's debt adjustment?

A. No. The Service Company has its own debt, which should be the basis for setting the return for the Service Company asset recovery. Company

Witness Jonathan Cohen addresses this adjustment in his rebuttal testimony.

Q. Please describe the SITP's third adjustment.

A. The SITP proposes to disallow capital expenditures of $57.4 million associated with the GBE Program. This adjustment results in a $1.526 million reduction to the revenue requirement.

Q. Does the Company agree with this adjustment?

A. No. As discussed in the rebuttal testimony of Company Christopher Connolly, the Company disagrees with this adjustment.

Q. Please describe the SITP's fourth adjustment.

A. The SITP recommends a forecasting adjustment to the Company's IT capital expenditures, resulting in a reduction to the revenue requirement of $2.988 million.

Q. Does the Company agree with this adjustment?

A. No. The Company's IT Panel responds to this adjustment in its rebuttal testimony. Additionally, the IT Panel explains the errors it identified in the SITP's calculation of the adjustment.

Q. Did Staff make any other recommendations that would affect the Company's Service Company rent expense?

A. Yes. The SITP proposes a downward only Service Company Rents IT and GBE Program capital tracker. The rebuttal testimony of the Company's IT Panel and Company Witness Christopher Connolly respond to this recommendation.

D. <u>Labor Expense</u>

Q. Please summarize Staff's adjustments to labor expense.

A. Staff recommends two adjustments to labor expense.

Q. What is the first adjustment recommended by Staff?

A. Staff Witness Gadomski (at 17) proposes reducing the Company's management wage increase of 3.35 percent (which was implemented on July 1, 2019) and the projected wage increase of 3.1 percent for subsequent years to 3.0 percent. The adjustment deceases the Company's labor expense forecast by $0.167 million.

Q. Does the Company agree with Mr. Gadomski's proposed adjustment?

A. No. As indicated in the rebuttal testimony of Company Witness Heaphy, the Company does not agree with Mr. Gadomski's testimony on this issue and does not accept the proposed adjustment.

Q. Please explain Staff's second adjustment to labor expense.

A. The SRRP proposes (at 24-29) imputing a vacancy rate to the Company's labor forecast of KEDLI employees based on their assumption that the Company's forecast does not account for vacancies. The SRRP developed their vacancy rate of 8.20 percent by dividing the number of unfilled positions within KEDLI by the targeted employee level for that company. The SRRP's adjustment was specific to FTEs who directly charge time to KEDLI and did not include Service Company employees whose time is allocated to KEDLI. The adjustment reduces the Company's Rate Year labor expense forecast by an additional $3.229 million.

Q. Does the Company agree with the SRRP's application of a vacancy rate to the labor expense forecast?

A. No. To develop the labor forecast, the Company used adjusted headcounts for KEDLI and the Service Company as of December 31, 2018 (the end of the Historic Test Year). The December 31st headcounts only included positions *actually filled* by employees as of that date. It did not include positions that were open or vacant at that time, even though such positions existed.

Table 1 below depicts open positions (those positions approved to be filled) and positions pending approval at calendar-year end 2018 for all National Grid companies, including KEDLI and employees that may allocate or directly charge time to the Company. None of these vacancies were included in the Company's labor forecast. Therefore, the SRRP's assumption that the Company's labor forecast does not account for vacancies is incorrect. Indeed, the Company's forecast does assume that vacancies as of December 31, 2018 will continue to occur in the Rate Year just in a different manner than the SRRP proposes. Rather than applying a separate vacancy rate to the forecast, the Company entirely removed any actual vacancies from the labor forecast. In doing so, the Company bears the financial risk of vacancies that were not included in the headcount but may be filled after the end of the Historic Test Year. As such, application of a vacancy rate to the previously reduced labor expense forecast is a double count of vacant positions.

<u>Table 1</u> – National Grid Open Positions as of CYE 2018

Designated Company for Position (Management)	Open	Pending Approval	Total Open Positions
Service Company	438	162	600
KeySpan Gas East Corporation	5	3	8
The Brooklyn Union Gas Company	8	1	9
All other Companies	16	7	23
Total Positions	467	173	640

Designated Company for Position (Represented)	Open	Pending Approval	Total Open Positions
Service Company	124	6	130
KeySpan Gas East Corporation	4	9	13
The Brooklyn Union Gas Company	58	1	59
All other Companies	169	66	235
Total Positions	355	82	437

Q. Was it appropriate for the SRRP to exclude Service Company employees from its vacancy analysis?

A. No. Table 2 below compares the headcounts approved in the 2016 KEDNY and KEDLI Rate Cases, which were based on headcounts as of September 30, 2015, to the December 31st headcounts used by the Company for the labor forecast in the current rate filing.

<u>Table 2</u> – Headcount 2016 Rate Cases vs. December 31, 2018 Headcount

	KEDLI	KEDNY	Service Co.
Headcounts Approved in 2016 Rate Cases			
Management	142	189	4,033
Union	626	1,328	1,563
Total	768	1,517	5,596
Headcounts as of December 31, 2018			
Management	74	120	5,307
Union	631	1,349	1,595
Total	705	1,469	6,902
Variance (December 2018 vs September 2015)			
Management	(68)	(69)	1,274
Union	5	21	32
Total	(63)	(48)	1,306

While the Company agrees with the SRRP that there were less KEDLI employees in 2018 than requested and filled in the 2016 KEDNY and KEDLI Rate Cases, the same cannot be said for Service Company employees. Indeed, Table 2 shows there were more Service Company employees who may allocate their time or a portion of their time to KEDLI, as of December 31, 2018, than were included in the 2016 KEDNY and KEDLI Rate Cases. In addition, the Service Company variance between those years is significantly higher than the variance for KEDLI employees during that same period.

Q. Is the methodology to forecast labor expense in this case consistent with the methodology previously utilized in past KEDNY, KEDLI, and Niagara Mohawk rate cases?

A. Yes. The labor expense forecast methodology used in this case is the same methodology used in the 2016 KEDNY and KEDLI Rate Case, the 2017 Niagara Mohawk Rate Case, and the 2012 Niagara Mohawk Rate Case. In those cases, Staff accepted the methodologies without applying a vacancy rate adjustment. No adjustment should be applied in this case either.

Q. Is there an additional reason why the SRRP's adjustment should be rejected?

A. Yes. In IR NG-07, the Company asked Staff to confirm if it was their position that vacancies were not included in the Company's December 31, 2018 headcounts. Staff replied, among other things, that the Company did not apply a vacancy rate for the projected incremental FTEs.

Q. Why is the reference to incremental FTEs significant?

A. Because it further demonstrates the unreasonableness of the SRRP's adjustment. The incremental FTEs proposed by the Company were forecast based on the incremental work required in the Rate Year.

Application of a vacancy rate to incremental FTEs, as the SRRP asserts, is illogical as it results in an insufficient number of FTE needed to perform the incremental work, the majority of which is dedicated to gas safety programs.

E. <u>Transportation Expense</u>

Q. Please describe the SRRP's proposed adjustment to the Company's forecast of transportation expense.

A. The SRRP proposes (at 42) a downward adjustment of $0.559 million to the lease component of transportation expense. The adjustment is based on the SRRP's belief that the Rate Year costs are "excessive" because the Company forecasts replacing 163 more vehicles from the end of the Historic Test Year through the end of the Rate Year than it had during the prior three-year period.

Q. Does the Company agree with the SRRP's adjustment?

A. No. The Company's forecast of replacement vehicles is based on a detailed fleet plan that carefully considers the type of vehicle, the age of the vehicle, maintenance history, and work for which the vehicle is utilized to develop a projected replacement date for each vehicle.

In KEDLI's last rate proceeding, Staff proposed an adjustment of $0.939 million in transportation lease expense, which was reflected in the Joint Proposal adopted by the Commission. To manage its vehicle replacements within this rate allowance, the Company modified its vehicle replacement schedule to stretch out the lifecycle of certain vehicles. This adjustment increased the average age of vehicles that are needed to provide service to the Company's customers and help maintain and operate the gas network. The Company estimates that the replacement of approximately 96 vehicles, calculated by dividing the $0.939 million lease expense adjustment from the previous rate case by the $9,831 average per vehicle cost calculated by Staff in Exhibit ___ (SRRP-4), were delayed by this adjustment and therefore included in the forecast of replacements in this case.

Q. The SRRP asserts (at 39) that because the Company has in the past utilized vehicles with expired lease dates it is "inappropriate" to assume that vehicles with expiring leases will be replaced in the Rate Year. Is this a fair assumption?

A. No. The lease end date is based on the expected lifecycle of each vehicle. While the timing of replacements varies depending on the specific conditions of the vehicles (*e.g.*, depending on the performance or usage of the vehicle, the asset life may fall short of or exceed the planned lifecycle), in general each vehicle with a lease term that has expired should be replaced to ensure reliable fleet operations.

While the Company was able to increase the average age of its fleet over the past three years to stay within the budgeted rate allowance without unduly compromising reliability, this cannot continue indefinitely if the Company hopes to maintain a reliable vehicle fleet. The Company needs to replace more vehicles than it has in the past three years to restore the reliability of the vehicle fleet to its optimal level. The Company does not believe that deviating from the planned lifecycle replacement is reasonable or in the best interests of customers, as it will lead to higher maintenance costs and potentially compromise the integrity of the Company's vehicle fleet. Moreover, the SRRP has submitted no evidence that rebuts or contradicts the reasonableness of the Company's replacement schedule, and instead unreasonably substitutes its own judgement in place of the Company's fleet plan. For these reasons, the SRRP's adjustment should be rejected.

Q. Are there any adjustments that were not reflected by the SRRP but should be?

A. Yes. In the response to IR DPS-661, the Company identified a downward adjustment of $0.372 million related to fuel expense. After adjusting for inflation, the Company reflected a Rate Year adjustment of $0.387 million in its updated revenue requirement on Exhibit ___ (RRP-1R).

F. Other Initiatives

Q. Does Staff recommend adjustments to other initiatives?

A. Yes. Staff recommends a total of 26 adjustments to other initiatives expense. For purposes of clarity, the Panel grouped the adjustments into categories.

Future of Heat

Q. Please summarize Staff's adjustments related to the Company's Future of Heat proposals.

A. Staff proposes 12 adjustments related to the Company's Future of Heat proposals. *See* Adjustment Nos. 16(f)(4), (6)-(7), (11)-(13), (15), (17)-(19), and (21) to Exhibit ___ (SRRP-1), Schedule 7c and Adjustment No. 12(a) on Schedule 7b of that exhibit. The adjustments include: (i) removing the costs of the Hydrogen Blending Study, the Expanded Geothermal Pilot, and the Power to Gas programs; (ii) reducing the number of incremental FTEs needed for the Green Gas Tariff, Demand

Response, Geothermal, Utility Energy Services Contract ("UESC"), and Renewable Natural Gas and Non-Pipeline Alternative programs; (iii) disallowing a portion of the costs of the Fuel Switching Calculator program; (iv) reflecting the costs of the UESC program in the ETIP instead of base rates; (v) removing EM&V costs; and (vi) moving recovery of the non-labor costs of the Demand Response program from base rates to the Delivery Rate Adjustment surcharge.

Q. Does the Company agree with these adjustments?

A. No. The rebuttal testimony of the Future of Heat and Rate Design Panels discuss the Company's objections to these adjustments.

GIOP and Gas Safety

Q. Please summarize Staff's adjustments related to programs supported by the Company's GIOP and Gas Safety Panels.

A. Staff proposes nine adjustments related to programs supported by the Company's GIOP and Gas Safety Panels. *See* Adjustment Nos. 16(f)(1)-(2), (5), (8)-(9), (14), (16), (20), and (23) to Exhibit ___ (SRRP-1), Schedule 7c. The adjustments include: (i) reducing the number of incremental FTEs required to support the Company's Contractor Safety Inspection, Enhanced Methane Detection, Research and Development, Storm Hardening, and Integrity Management and Verification programs; (ii) moving the costs of the Storm Hardening beyond the Rate Year; (iii) disallowing costs associated with the Pipeline Integrity – Integrity Management Program (PHMSA Rules); and (iv) moving the costs of the Low-Pressure Main Valve Installation program from the capital program to O&M expense and offsetting those costs with a portion of the existing negative revenue adjustment balance.

Q. Does the Company agree with Staff's adjustments?

A. As explained in the rebuttal testimony of the GIOP and Gas Safety Panels, the Company disagrees with thee adjustments.

Q. Does the Company agree with Staff's recommendation to use a portion of the existing negative revenue adjustments to fund the costs of certain safety programs?

A. In principle, while the Company is not against using the existing negative revenue adjustments to fund safety programs, the Company is concerned about how much of the balance should be used. The Company's position related to amortization of regulatory deferrals is discussed in more detail below. In addition, the Gas Safety Panel discusses the Company's opposition to using negative revenue adjustments to fund the costs of the

Low-Pressure Main Valve Installation program.

IT

Q. Please summarize Staff's adjustments related to IT costs.

A. Staff proposes two adjustments. The first adjustment relates to the O&M and run the business costs associated with the SITP's forecasting adjustment to the Company's IT capital expenditures. The second adjustment removes the operating costs associated with the Company's Customer Information System project. *See* Adjustment Nos. 16(f)(22) and (24) to Exhibit ___ (SRRP-1), Schedule 7c.

Q. Does the Company agree with Staff's adjustments?

A. No. The Company's objection to these adjustments is discussed in the rebuttal testimony of the IT Panel.

Flow-Through Adjustments

Q. Please summarize Staff's flow-through adjustments to other initiatives expense

A. The SRRP reflects two flow-through adjustments related to Mr. Gadomski's proposed management wage increase factor and use of the SRRP's labor burden rates. *See* Adjustment Nos. 16(f)(3) and (10) to

Exhibit ___ (SRRP-1), Schedule 7c.

Q. What is the Company's position with respect to these flow-through adjustments?

A. While the Company agrees in principle that flow-through adjustments would be required if the Commission were to adopt the Staff's proposals, because the Company disagrees with the underlying adjustments, the Company's position is that the proposed flow-through adjustments, with the exception of the update to burden rates as stated in the Company's response to IR DPS-877, are not necessary.

New Hire True-Up

Q. Does the Company agree with the SRRP's proposed downward-only tracker for incremental FTEs (at 47-48)?

A. No. There is no basis for a downward-only true up of labor expense, especially in a one-year case. The new hire true-up was agreed to as part of the comprehensive settlement in the 2016 KEDNY and KEDLI Rate Cases. A similar reconciliation was not included in the 2017 NMPC Rate Case.

G. Productivity

Q. Does the Company agree with Staff's adjustment to productivity?

A. The Company agrees that productivity should be adjusted to reflect the labor adjustments adopted in this proceeding. Staff's adjustment, however, reflects labor adjustments that the Company disagrees with, as discussed above.

H. Uncollectible Accounts

Q. Does Staff make any adjustments to the Company's forecast of uncollectible expenses?

A. Yes. The SAP recommends (at 6) an adjustment of $0.319 million to reduce Rate Year uncollectible expense. The adjustment is based on the SAP's use of a three-year average uncollectible rate calculated using the period June 2016 to May 2019. The rebuttal testimony of the Company's Shared Services Panel discusses the Company's objection to this adjustment.

Q. Has the Company identified errors in the SAP's calculation of its proposed adjustment?

A. Yes. The Company found an error in SAP's uncollectible expense calculation. The error was caused by the SAP applying its proposed uncollectible rate to the Company's corrections and updates tariff revenues at present rates, which reflected the availability of the NESE project. The SAP confirmed this error in its response to IR NG-06, which is included in Exhibit___(RRP-4R).

I. SIR Expense

Q. Does Staff recommend an adjustment to the Company's forecast of SIR expense?

A. Yes. The Staff SIR Panel (at 29) recommends a downward adjustment of $1.734 million. The rebuttal testimony of Company Witness Chuck Willard discusses the Company's objection to this adjustment.

J. Savings

Q. What level of savings is typically reflected in a rate filing?

A. Rate cases traditionally include a productivity adjustment on the premise that well-run companies should be able to find a modest measure of efficiencies in the rate year. The adjustment is typically calculated as one percent of total labor expense and payroll taxes in recognition of how difficult it is to achieve savings year after year. In this case, the traditional productivity adjustment would result in efficiencies totaling $2.020 million. The Company, however, has proposed to provide customers with more than $15 million in savings in the Rate Year – a level *more than* *seven times* the traditional productivity adjustment. The SRRP asserts that $3.220 million of additional efficiencies should be imputed above this level. If the SRRP's position were adopted, this would equate to savings of more than nine times the traditional productivity adjustment, which is simply unrealistic and not supported.

Q. Will the level of savings reflected by the Company in the rate filing be difficult to achieve?

A. Yes. It is a challenge for any business to achieve a one percent efficiency reduction each year let alone eight times that number. In its filing, the Company committed to reduce its costs through an ambitious effort (the Accelerate Program), despite that many of the initiatives to achieve these reductions are difficult and potentially not sustainable. Indeed, the Company is working tirelessly to reduce its costs to mitigate bill impacts for customers while continuing to invest to assure reliability and advance our systems for the future.

To reduce costs to the magnitude the Company proposes in this filing requires major changes to people, processes, and systems. This requires time and effort. There is a major risk that the savings will not be realized because competing priorities will distract from the Company's ability to deliver the initiatives. For example, new work, changes in law, new regulatory requirements, changes in customer expectations, or major weather events could all impact the Company's ability to progress initiatives or deliver savings. Staff's filing further exacerbates this risk through their proposals to disallow costs that the Company will need to incur in the Rate Year to ensure the delivery of safe and reliable service.

Q. The SRRP asserts that savings associated with Implementation Level ("IL") 3 Accelerate Program initiatives should be imputed into the revenue requirement, contending that savings from these initiatives "have been identified and quantified," and been defined by the Company as "bankable" (at 56-57). Does the Panel agree?

A. No. While IL3 Accelerate Program initiatives have been assigned an initial estimate of potential savings, the estimate is aspirational as the business has not taken any of the steps that are necessary to implement the initiative. In IL3, the business develops a plan to implement an initiative. Until each step in the implementation plan has been completed, whether the initiative can be delivered and the savings ultimately achieved is unknown. As the Company explained in the response to IR DPS-755, "bankable" means that the Company is willing to invest the time and resources into pursuing the initiative, as the Company has limited resources to dedicate to implementing initiatives. This does not mean that the initiative can actually deliver savings, however. There are risks that this initial estimate, which is really a placeholder to prioritize initiatives, may never materialize or may change materially. These risks include changes in assumptions as the initiative progresses, delays in implementation, or cancelation of the initiative because, despite the Company's efforts, the implementation plan could not be delivered (*e.g.*, a vendor may not be willing to provide a volume discount or a new contract to reduce costs could not be negotiated). Therefore, contrary to the SRRP's position, IL3 estimates are not quantified let alone known and measurable, which is the standard for inclusion in the revenue requirement. Rather, IL3 estimates are speculative and unidentified efficiency initiatives that are properly subsumed within the traditional productivity adjustment.

In the Panel's direct testimony, we explained the rigorous process undertaken to progress initiatives. Each initiative must pass through implementation levels ranging from IL0 (purely an idea) to IL5 (fully implemented), where they are scrutinized by groups from the Company's Finance, Regulation and Pricing, and Business Units, among others. It is not until IL4 where an initiative undergoes implementation. In IL4 the business has completed the steps in its implementation plan that are a prerequisite to achieving benefits. The SRRP's proposal ignores this process that was implemented to provide transparency to the business and its regulators of the full amount of savings that were achieved, and the simple fact that initiatives in IL3 are entirely uncertain.

Q. The SRRP further asserts (at 58) that initiatives "move quickly through implementation levels, meaning initiatives currently at Level Three will soon be at Levels Four or Five, and thus, savings will likely accrue during the Rate Year." The SRRP also claims (at 57) that few IL3 initiatives are canceled. What is the Panel's response to these statements?

A. As explained in the response to IR No. DPS-755, initially, initiatives moved quickly through the various implementation levels because they were already in flight at the beginning of the Accelerate Program. However, that movement occurred during the earlier stages of the program. Now that the program is past the inaugural period, the movement of initiatives has slowed.

In addition, while the Company agrees that certain initiatives in IL3 can move to ILs 4 and 5 quickly, that movement depends on whether the initiative can be easily implemented. With respect to the initiatives currently in IL3 for which the SRRP is proposing to impute the associated savings to the Company, on average, these initiatives have been in IL3 for more than 150 days – more than five times the 26 day average an initiative that can be easily implemented typically moves from IL3 to IL4. Given the length of time these initiatives have been stalled in IL3, it is highly unlikely these initiatives will progress to implementation and deliver the aspirational savings estimated.

Moreover, the response to IR No. DPS-758 provides the key milestones necessary to complete the implementation plans for the top ten IL3 initiatives impacting the Company. The response shows that key steps in at least five of the ten initiatives are either late or have not yet been planned. Further, in progressing Initiative No. 14707, it was determined that the scope of the initiative was similar to that of Initiative No. 15464. Therefore, Initiative No. 14707 was canceled. Similarly, the viability of Initiative No. 17509 is being questioned as the solution has not been piloted. These examples, along with the accumulation of aged initiatives currently in IL3, further demonstrate the inherent uncertainty surrounding IL3 savings estimates and the unreasonable of the adjustment.

Q. Are there additional challenges that impact the deliverability of IL3 initiatives in the Rate Year?

A. Yes. The revenue requirement proposed by Staff, which provides material disallowances to costs necessary to run the business, presents significant challenges. For example, Initiative Nos. 953 and 3600, two initiatives in IL3 that impact the Company, are contingent upon IT investments to deliver the planned savings. The SITP's proposal to disallow approximately $114 million of IT costs calls into question the ability of the Company to deliver these initiatives. If the SITP's recommendation is adopted, the Company will need to re-prioritize IT investments that could lead to the cancelation of these initiatives. Similarly, various Staff witnesses propose a litany of new reporting obligations in IT, customer, and gas operations, among other areas. This is incremental work that was not contemplated at the time the IL3 and other Accelerate Program initiatives were planned and will require the Company to re-valuate priorities, further challenging the Company's ability to progress IL3 and other initiatives.

Q. Are certain IL3 initiatives already captured in the revenue requirement?

A. Yes. As explained in the response to IR DPS-762, because the Company separately forecast facility-related projects, the savings from Initiative No. 3705 are captured in the revenue requirement. Additionally, the benefits from Initiative No. 24734 are embedded in the forecast of transportation expense.

Q. Did the Company already account for the possibility that IL3 initiatives may move to IL4 or IL5 for purposes of forecasting the revenue requirement?

A. Yes. The Company recognizes that IL3 initiatives may be delivered in the Rate Year. However, as explained above, the level of savings from these initiatives is uncertain. To account for the uncertainty associated with IL3 initiatives, the Company included a one percent productivity adjustment to capture the possibility that these initiatives may move to IL4 or IL5 in the Rate Year. Therefore, the SRRP's proposed imputation is a double count of the productivity adjustment already reflected by the Company.

Given the level of savings already reflected in the revenue requirement, it would have been reasonable for the Company to have foregone including a productivity adjustment. However, in the interest of mitigating bill impacts and full transparency, the Company believed it was appropriate to include the productivity adjustment to account for the possibility that IL3 initiatives may be delivered in the Rate Year. In that regard, the one percent productivity adjustment is about half of the aspirational estimates in IL3 currently that impact KEDNY and KEDLI, which demonstrates the reasonableness of the Company's proposal. Additionally, the Company captured the IL3 initiatives a second way. Under its multi-year rate plan proposal, the Company included the full forecast of Rate Year savings and held those amounts constant across each of the Data Years (with inflation).

Q. Why is this significant?

A. It is significant because the Accelerate Program ends in the Rate Year. Therefore, the Company is assuming the risk that it can sustain this level of savings in future years. While the SRRP characterized the Company's proposal as "irrelevant" (at 56) because this effort does not impact the Rate Year, the Company's proposal would result in savings of more than $66 million through the term of the Company's proposed rate plan. Combined with KEDNY, the amount of savings proposed to be reflected for customers is more than $222 million. This is an unprecedented level of savings that is anything but "irrelevant" and fully captures potential IL3 initiatives for customers.

Q. Please summarize the Company's position concerning the SRRP's proposed imputation of the IL3 initiatives.

A. There is no reasonable basis for the Commission to adopt the SRRP's position. The SRRP's position is essentially built around the possibility that IL3 initiatives may move to IL4 and IL5. This is purely speculative, however, and the SRRP has provided no rationale basis for including unknown savings in the revenue requirement. The Company, at all times throughout this filing, has been transparent in the savings reflected. As the Company explained in the response to IR DPS-916, while many initiatives could arguably have been removed as one-time in nature, the Company included all initiatives in IL4 and IL5 to mitigate customer bill impacts. The $32.483 million in Accelerate Program savings plus the $3.889 million in productivity to capture the IL3 initiatives is reasonable and should be adopted. The Company should not be penalized by including preliminary savings estimates from initiatives that have not yet been delivered – and may never be. Rather, the Companies should be encouraged to be innovative and test concepts without the fear that preliminary and aspirational estimates will be held against them. The savings adjustments proposed by the SRRP would have a chilling effect on future savings programs that benefit customers.

Q. The SRRP's recommends (at 52) removing the costs to achieve the Accelerate program savings. Does the Company agree with this recommendation?

A. No. The costs to achieve were incurred to deliver the forecast savings included in the case. It is therefore unreasonable to disallow those costs without also removing the savings. If it is truly the SRRP's position that the $0.132 million in costs to achieve reflected in the Rate Year should be disallowed, then the Accelerate Program savings delivered as a result of those costs should be removed. Indeed, this result would be completely consistent with positions taken by Staff in previous rate proceedings that the costs of new initiatives should not be reflected in rates if the savings are not included.

Q. The SRRP also recommends (at 50) an adjustment to reflect the latest known savings projections associated with IL4 and IL5 initiatives and reflect the savings associated with two initiatives that were inadvertently not included in the Company's corrections and updates filing. What is the Company's position with respect to these two adjustments?

A. The Company agrees with these two adjustments.

K. Economic Development

Q. Does Staff propose any adjustments to the Company's Economic Development program costs?

A. Yes. The rebuttal testimony of the Company's Future of Heat Panel responds to Staff's proposed adjustment as well as program changes recommended by the Staff Consumer Services Panel ("SCP").

V. Taxes Other Than Income Taxes

A. Property Taxes

Q. Please explain Staff's adjustments to KEDLI's property taxes.

A. The SAP recommends (at 34-35) use of a three-year average growth rate based on calendar year data instead of the two-year growth rate based on fiscal year data recommended by the Company. The rebuttal testimony of the Company's Shared Services Panel responds to this adjustment.

Q. Does Staff propose any additional recommendations relating to property taxes?

A. The SAP recommends (at 38) elimination of the property tax reconciliation mechanism, asserting "there is no need to allow for a property tax reconciliation in a one-year rate case." The Company disagrees with this recommendation. As discussed by the Shared Services

Panel, eliminating the property tax reconciliation would place undue risk on customers and the Company even in a one-year case.

B. <u>Payroll Taxes</u>

Q. Does the Company agree with Staff's adjustment to payroll taxes?

A. The Company agrees that payroll taxes should be adjusted to reflect the labor adjustments adopted in this proceeding. Staff's adjustment, however, reflects labor adjustments that the Company disagrees with, as discussed above.

VI. <u>Federal Income Taxes</u>

Q. How did the Company propose to reflect the amortization of the annual Excess Deferred Income Tax ("EDIT") for the unprotected plant and non-plant balances resulting from the Tax Cuts and Jobs Act in the rate filing?

A. The Company proposed to amortize the balances over 47 years in accordance with the manner in which protected EDIT was amortized under the Average Rate Assumption Method ("ARAM") required by the Internal Revenue Service normalization rules.

Q. What is Staff's position on this issue?

A. The SAP (at 46) rejects the use of the ARAM and instead proposes a 10-year amortization period for the unprotected plant and non-plant balances. The proposal is premised upon that use a shorter period will more rapidly reduce the revenue requirement and return the tax benefits to customers quicker rather than any analysis.

Q. Does the Company agree with the SAP's use of a 10-year amortization period?

A. No. The Company believes the amortization period should match the service life of the asset. If the unprotected EDIT is returned to customers over 10-years, as proposed by the SAP, there would be a mismatch for over 30 years in which customers would receive benefits before the Company receives the cash benefits. Moreover, if the SAP's proposal is adopted, future changes to tax rates could result in the Company having to collect money from customers that it previously returned. For these reasons, the Company submits that its proposal to align the amortization life with the reversal of the temporary differences is more equitable and in the best interests of customers.

VII. Regulatory Assets and Liabilities

A. Deferral Balances

Q. What is Staff's position regarding the Company's proposed treatment of legacy deferral balances?

A. The SAP agrees (at 41-42) with the Company's proposal to net together several inactive deferral accounts (identified in Table 7 of the Panel's direct testimony) and create a single account with a credit balance of approximately $12.9 million, indicating that these accounts have been audited.

Q. Does the Company agree with the SRRP's (at 67) proposal to amortize the regulatory liability balance amounts associated with gas safety negative revenue adjustments, unexpended energy efficiency funds, and unexpended economic development funds?

A. Although in principle the Company is not against using a portion of regulatory liabilities to offset gas safety, energy efficiency, and economic development programs costs, the Company is concerned about how much of the balance should be used. The Company has on its books a significant regulatory asset balance that is not being proposed to be recovered from customers. Therefore, the Company believes a balance must be struck between the appropriate level of regulatory liabilities to use now and future rate mitigation efforts. The rebuttal testimony of the Company's Gas Safety Panel and the Future of Heat Panel provide additional testimony addressing the SRRP's proposal.

Q. Does the Company have anything else to add regarding gas safety negative revenue adjustments?

A. Yes. The Company disagrees with the statement in the testimony of the Staff Pipeline Safety Panel (at 40) that the Company missed the Damage Prevention metric in 2018 resulting in a negative revenue adjustment. The Company's Gas Safety Panel discusses the Company's specific objection to Staff's assertion in its rebuttal testimony. While it does not appear that the SRRP has included the alleged negative revenue adjustment in the balance that it is proposing to amortize, the Company's position is that it did not miss the metric and did not incur a negative revenue adjustment.

B. <u>New and Existing Deferrals</u>

Q. Does Staff recommend any changes to the new deferrals or the modifications to existing deferral mechanisms proposed by the Company?

A. Yes. Various Staff witnesses propose removing or modifying many of the new and existing deferrals. The Company's position is discussed in the rebuttal testimonies of the GIOP, IT, Shared Services, and Future of Heat Panels and Company Witness Christopher Connolly.

Q. Does Staff recommend any new deferral mechanisms?

A. Yes. In addition to the downward only new hire deferral discussed above, various Staff panels recommend a number of new deferrals. The rebuttal testimony of the Company's GIOP, IT, Shared Services, and Future of Heat Panels respond to Staff's proposals.

C. Earnings Sharing Mechanism

Q. The Staff Policy Panel ("SPP") recommends (at 12-14) that the Commission establish an Earnings Sharing Mechanism ("ESM") for the Companies for each 12-month period following the Rate Year. Does the Panel agree with this recommendation?

A. No, we do not. ESMs are typically a feature of multi-year rate plans that are submitted to the Commission as joint proposals that reflect the broad agreement of most, if not all, parties to Commission rate proceedings. It is our understanding that the Commission only recently imposed an ESM in a litigated one-year rate proceeding. From our perspective, imposing ESMs in litigated cases would be poor regulatory policy in that it would discourage the Companies from finding ways to manage their businesses in a manner that minimizes the need for time consuming and expensive rate proceedings. Moreover, the SPP's ESM recommendation essentially requests the Commission to impose a mechanism that would confiscate a portion of the Companies' earnings without making a finding as to what a just and reasonable ROE would be in years beyond the Rate Year or conducting the process that is typically followed in establishing utility rates.

Q. Please explain.

A. In this case, the Commission is setting rates that it will determine to be just and reasonable for a Rate Year beginning April 1, 2020 and ending March 31, 2021. Among the decisions being made is the appropriate ROE that should be applied to the Company's rate base during this period. As the Commission is aware, the just and reasonable ROE changes over time. However, if this case is litigated, the Commission will make no finding as to what the appropriate ROE for the Company will be for any period beyond the Rate Year. At the same time, however, under the SPP's ESM mechanism in years beyond the Rate Year, the Company could be required to forfeit a portion of its earnings regardless of whether those earnings would, depending on capital market conditions at the time, be no greater than the amount needed to enable the Company to earn a compensatory ROE. Such a result would be procedurally defective and substantively confiscatory.

The Commission has the ability under the Public Service Law to monitor the Company's earnings and take appropriate action to the extent that it believes that the Company's rates are producing excessive returns. There is no need for the Commission to impose an ESM to ensure that rates remain just and reasonable and it is quite possible that the results of imposing such a mechanism would not be just and reasonable. For these reasons, the SPP's ESM recommendation should be rejected.

VIII. Rate Base

A. Net Plant and Depreciation Expense – Plant in Service Model

Q. How did Staff forecast the Company's net utility plant in service and depreciation expense?

A. Staff used the Company's plant in service model and applied its proposed capital plan adjustments, flow-through adjustments for cost of removal, and depreciation rates to the model.

Q. What is the rate base and depreciation expense impact of Staff's proposed forecast?

A. Staff's proposed adjustments, in total, decrease the Company's Rate Year net utility plant in service by $151.692 million and depreciation expense by $12.304 million.

Q. Does the Company agree with Staff's proposed adjustments to net utility plant in service and depreciation expense?

A. No. The Company's GIOP responds to Staff's proposed adjustments to the Company capital plan, while Company Witness Paul M. Normand addresses Staff's proposed depreciation rates.

Q. Did the Company identify any errors in Staff's net utility plant and depreciation adjustments reflected in Exhibit ___ (SRRP-1)?

A. Yes. In reviewing Staff's adjustments, the Company identified the following three errors:

(i) Staff double-counted the adjustments to exclude the NESE project in Exhibit ___ (SRRP-1).

(ii) Staff did not correctly reflect the capital adjustments described in their testimony in Exhibit ___ (SGIOP-4). In some instances, Staff described an adjustment in testimony, but Exhibit ___ (SGIOP-4) did not reflect the adjustment. In other cases, there were adjustments in the exhibit that were not discussed in testimony.

(iii) Staff did not correctly reflect the capital adjustments described in testimony and in Exhibit ___ (SGIOP-4) in the net utility plan and depreciation forecast that ultimately was included in Staff's revenue requirement presentation in Exhibit ___ (SRRP-1).

Q. Did Staff agree with these errors and, if so, what corrections are required to Staff's adjustments to Rate Year net utility plant and depreciation expense?

A. Staff agreed with the errors noted above in the responses to IRs NG-10 and NG-12. These corrections change Staff's proposed Rate Year net utility plant and depreciation expense downward adjustments from \$151.7 million and \$12.3 million to \$101.3 million and \$11.8 million, respectively.

B. Earnings Base/Capitalization/Working Capital Adjustment

Q. The SRRP also proposes (at 92-95) removing from rate base a \$3.368 million regulatory asset for KEDLI associated with the cost sharing account because such costs are already reflected in the Earnings Base/Capitalization ("EB/CAP") adjustment. Do you agree?

A. No. The regulatory asset associated with the cost sharing agreement was included in rate base in determining the Historic Test Year EB/CAP adjustment. It is inconsistent for the SRRP to remove the regulatory asset from the forecast but not from the EB/CAP adjustment. The SRRP acknowledged that this should be the case in its response to IR NG-19 which is included in Exhibit (RRP-4R). Making the appropriate adjustment to the EB/CAP calculation eliminates any revenue requirement impact of Staff's proposed adjustments.

IX. <u>Flow-Through Adjustments</u>

Q. Has the Company reflected any additional flow-through adjustments in its revenue requirement?

A. Yes. Changes to O&M expense have an impact on working capital requirements. Additionally, any change in rate base results in a change to return on rate base. Moreover, there are flow-through adjustments for productivity, payroll taxes, uncollectible expense, income taxes, and deferred taxes. The flow-through adjustments are reflected in Exhibit ___ (RRP-1R).

X. <u>Conclusion</u>

Q. Does this conclude the Panel's rebuttal testimony?

A. Yes.

INDEX OF EXHIBITS

Exhibit __ (RRP-1R)

Summary Revenue Requirement

Keyspan Gas East Corporation d/b/a National Grid
PSC Case No. 19-G-0310
Statement of Operating Income - Company Rebuttal
For the Rate Year Ending March 31, 2021
($000's)

	C&U Filing Rate Year Ending March 31, 2021		Staff Adjustments	Company Adjustments to Staff Amounts	Rebuttal Rate Year Ending March 31, 2021	Base Revenue Increase Required	Rate Year Ending March 31, 2021 with Base Revenue Requirement
Operating Revenues	$ 1,211,842	1,9	$ (41,917)	$ (16,485)	$ 1,153,441	$ 45,291	$ 1,198,732
Deductions							
Purchased Gas Costs	364,146	2,10	(33,168)	(8,512)	322,466		322,466
Revenue Taxes	12,437	3,11	4,983	(5,309)	12,111	476	12,587
Total Deductions	376,583		(28,185)	(13,821)	334,577	476	335,053
Gross Margin	835,259		(13,732)	(2,664)	818,864	44,815	863,679
Total Operation & Maintenance Expenses	287,078	4,12,16	(33,995)	29,228	282,311	$ 287	282,598
Amortization of Regulatory Deferrals	14,168	17	(3,781)	3,781	14,168	-	14,168
Depreciation, Amort. & Loss on Disposition	107,783	5,18	(12,304)	11,644	107,123	-	107,123
Taxes Other Than Revenue & Income Taxes	188,412	(4)	(2,553)	2,553	188,412	-	188,412
Total Operating Revenue Deductions	597,442		(52,633)	47,206	592,015	287	592,302
Operating Income Before Income Taxes	237,817		38,901	(49,869)	226,849	44,528	271,377
Income Taxes							
Federal Income Taxes	31,844	(5)	2,740	(4,612)	29,972	$ 8,567	38,539
State Income Taxes	13,565	(6)	3,554	(4,369)	12,750	3,731	16,481
Total Income Taxes	45,409		6,294	(8,981)	42,722	12,298	55,020
Operating Income After Income Taxes	$ 192,408		$ 32,607	$ (40,888)	$ 184,127	$ 32,229	$ 216,357
Rate Base	$ 3,269,060	(7)	$ (151,801)	$ 92,772	$ 3,210,031		$ 3,210,031
Rate of Return	5.89%				5.74%		6.74%

Note 1	Present Rates	Proposed	Difference
Base Delivery Revenues	$ 1,153,441	$ 1,198,732	$ 45,291
GRT	(12,111)	(12,587)	(476)
Purchased Gas	(322,466)	(322,466)	-
Add Tax Surcredit	(31,186)	-	31,186
Add Back ETIP	9,478	-	(9,478)
Base Revenue Increase	$ 797,156	$ 863,679	$ 66,523

Keyspan Gas East Corporation d/b/a National Grid
PSC Case No. 19-G-0310
Summary of O&M Expenses - Company Rebuttal
For the Rate Year Ending March 31, 2021
($000's)

	C&U Filing Rate Year Ending March 31, 2021	Adj. #	Staff Adjustments	As Adjusted by Staff Rate Year Ending March 31, 2021	Company Adjustments to Staff Amounts	Company Rebuttal Rate Year Ending March 31, 2021
Operation & Maintenance Expenses:						
Departmental Items:						
Consultants	$ 7,865	16(a)	(714)	$ 7,151	714	$ 7,865
Contractors	32,961			32,961	-	32,961
Donations	-			-	-	-
Employee Expenses	3,016			3,016	-	3,016
Hardware	203			203	-	203
Software	3,816			3,816	-	3,816
Other	1,814	16(b)	(1,153)	661	22	683
Rents	4,501			4,501	-	4,501
Service Company Rents	32,235	16(c)	(7,356)	24,879	7,306	32,185
Construction Reimbursement	(69)			(69)	-	(69)
FAS 106	(4,924)			(4,924)	-	(4,924)
FAS 112	153			153	-	153
Health Care	10,398			10,398	-	10,398
Group Life Insurance	662			662	-	662
Other Benefits	525			525	-	525
Pension	5,302			5,302	-	5,302
Thrift Plan	3,535			3,535	-	3,535
Workers Comp	877			877	-	877
Materials Outside Vendor	2,323			2,323	-	2,323
Materials From Inventory	2,175			2,175	-	2,175
Materials Stores Handling	193			193	-	193
Postage	3,740			3,740	-	3,740
Total Labor	87,040	16(d)	(3,396)	83,644	3,396	87,040
Transportation	5,136	16(e)	(559)	4,577	172	4,749
Energy Efficiency Program	9,649			9,649	-	9,649
Injuries & Damages	4,949			4,949	-	4,949
Other Initiatives	44,569	4(a), 12(a),16(f)	(12,842)	31,727	12,648	44,375
Productivity Adjustment	(2,020)	16(g)	43	(1,977)	(43)	(2,020)
Rate Case Expense	241			241	-	241
Regulatory Assessment Fees	4,393			4,393	-	4,393
Uncollectible Accounts	7,397	4(b), 16(h)	(797)	6,600	428	7,027
Site Investigation & Remediation E	6,630	16(i)	(1,734)	4,896	1,734	6,630
Joint Facilities	-			-	-	-
Savings	(5,490)	16(j)	(4,187)	(9,677)	3,352	(6,325)
Legal	727			727	-	727
Accounting	1,510			1,510	-	1,510
Economic Development Program	500	16(k)	500	1,000	(500)	500
Low Income Program	5,544			5,544	-	5,544
Incentive Program	1,800	4(c)	(1,800)	-	-	-
Paving	3,201			3,201	-	3,201
Sub Total - Departmental	$ 287,078		$ (33,995)	$ 253,083	$ 29,228	$ 282,311
TOTAL	$ 287,078		$ (33,995)	$ 253,083	$ 29,228	$ 282,311

Keyspan Gas East Corporation d/b/a National Grid
PSC Case No. 19-G-0310
Federal Income Taxes - Company Rebuttal
For the Rate Year Ending March 31, 2021
(Whole Dollars)

	Company Rebuttal Position					
	Federal Taxable Income	Deferrable Basis	Book Taxable Income	@ the Statutory Rate	DFIT Reversals	Net FIT Before Rev Req
NET INCOME BEFORE FEDERAL & STATE INCOME TAXES	$ 226,848,890		$ 226,848,890	$ 47,638,000		$ 47,638,000
Interest	(67,731,674)		(67,731,674)	(14,224,000)		(14,224,000)
New York State Income Taxes	(12,750,328)		(12,750,328)	(2,678,000)		(2,678,000)
Flow-through AFDUC	(2,437,167)		(2,437,167)	(512,000)		(512,000)
Flow-through Depreciation	286,787		286,787	60,000		60,000
Flow-through Unamortized Debt	-		-	-		-
Flow-through Bond Redemption	-		-	-		-
Meals and Entertainment	90,000		90,000	19,000		19,000
GAIN ON REDEMPTION BONDS	-		-	-		-
Other -2	-		-	-		-
Other - 3	-		-	-		-
Tax Only Item - Rate Change	-		-	-		-
Tax Only Item - State Year 2000	-		-	-		-
Excess ADIT Amortization	-		-	(331,092)		(331,092)
TOTAL FIT EXPENSE	$ 144,306,507	$ -	$ 144,306,507	$ 29,971,908	$ -	$ 29,971,908
	21.00%					

Keyspan Gas East Corporation d/b/a National Grid
PSC Case No. 19-G-0310
State Income Taxes - Company Rebuttal
For the Rate Year Ending March 31, 2021
(Whole Dollars)

	Company Rebuttal Position					
	State Taxable Income	Deferrable Basis	Book Taxable Income	@ the Statutory Rate	DSIT Reversals	Net SIT Before Rev Req
NET INCOME BEFORE FEDERAL & STATE INCOME TAXES	$ 226,848,890		$ 226,848,890	$ 19,010,000		$ 19,010,000
Interest	(67,731,674)		(67,731,674)	(5,676,000)		(5,676,000)
Flow-through AFUDC	(2,437,167)		(2,437,167)	(204,000)		(204,000)
Flow-through Depreciation	286,787		286,787	24,000		24,000
Flow-through Unamortized Debt	-		-	-		-
Flow-through Bond Redemption	-		-	-		-
Meals and Entertainment	90,000		90,000	8,000		8,000
GAIN ON REDEMPTION BONDS	-		-	-		-
Other -2	-		-	-		-
Other - 3	-		-	-		-
Tax Only Item - Rate Change	-		-	-	(411,672)	(411,672)
Tax Only Item - State Year 2000	-		-	-		
Tax Only Item - 3	-		-	-		-
TOTAL SIT EXPENSE	$ 157,056,836	$ -	$ 157,056,836	$ 13,162,000	$ (411,672)	$ 12,750,328
	8.38%					13,565,328
						(815,000)

Keyspan Gas East Corporation d/b/a National Grid
PSC Case No. 19-G-0310
Federal Income Taxes - Company Rebuttal
For the Rate Year Ending March 31, 2021
(Whole Dollars)

	Federal Taxable Income	Deferrable Basis	Staff Adjusted: Book Taxable Income	@ the Statutory Rate	DFIT Reversals	Net FIT Before Rev Req
NET INCOME BEFORE FEDERAL & STATE INCOME TAXES	$ 276,718,385		$ 276,718,385	$ 58,111,000		$ 58,111,000
Interest	(67,731,674)		(67,731,674)	(14,224,000)		(14,224,000)
New York State Income Taxes	(16,929,000)		(16,929,000)	(3,555,000)		(3,555,000)
Flow-through AFUDC	(2,437,000)		(2,437,000)	(512,000)		(512,000)
Flow-through Depreciation	286,000		286,000	60,000		60,000
Flow-through Unamortized Debt	-		-	-		-
Flow-through Bond Redemption	-		-	-		-
Meals and Entertainment	90,000		90,000	19,000		19,000
GAIN ON REDEMPTION BONDS	-		-	-		-
Other -2	-		-	-		-
Other - 3	-		-	-		-
Tax Only Item - Rate Change	-		-	-		-
Excess ADIT Amortization	-		-	(331,000)		(331,000)
Excess ADIT Amortization - Staff Adjustment	-		-	(5,421,000)		(5,421,000)
TOTAL FIT EXPENSE	$ 189,996,710	$ -	$ 189,996,710	$ 34,147,000	$ -	$ 34,147,000
	21.00%					

Keyspan Gas East Corporation d/b/a National Grid
PSC Case No. 19-G-0310
Federal Income Taxes - Company Rebuttal
For the Rate Year Ending March 31, 2021
(Whole Dollars)

	State Taxable Income	Deferrable Basis	Staff Adjusted: Book Taxable Income	@ the Statutory Rate	DSIT Reversals	Net SIT Before Rev Req
NET INCOME BEFORE FEDERAL & STATE INCOME TAXES	$ 276,718,385		$ 276,718,385	$ 23,189,000		$ 23,189,000
Interest	(67,731,674)		(67,731,674)	(5,676,000)		(5,676,000)
Flow-through AFUDC	(2,437,000)		(2,437,000)	(204,000)		(204,000)
Flow-through Depreciation	286,000		286,000	24,000		24,000
Flow-through Unamortized Debt			-	-		-
Flow-through Bond Redemption			-	-		-
Meals and Entertainment	90,000		90,000	8,000		8,000
GAIN ON REDEMPTION BONDS	-		-	-		-
Other -2	-		-	-		-
Other - 3	-		-	-		-
Tax Only Item - Rate Change	-			(412,000)		(412,000)
Tax Only Item - State Year 2000	-		-	-		-
Tax Only Item - 3	-		-	-		-
TOTAL SIT EXPENSE	$ 206,925,710	$ -	$ 206,925,710	$ 16,929,000	$ -	$ 16,929,000
	8.38%					

Keyspan Gas East Corporation d/b/a National Grid
PSC Case No. 19-G-0310
Summary of Rate Base - Company Rebuttal
For the Rate Year Ending March 31, 2021
($000's)

	C&U Filing Rate Year Ending March 31, 2021	Adj. #	Staff Adjustments	Rate Year Ending March 31, 2021	Company Adjustments to Staff Amounts	Company Rebuttal Rate Year Ending March 31, 2021
Net Utility Plant	$ 4,005,523	8(a), 22(a), 22(b)	$ (151,692)	$ 3,853,831	$ 90,579	$ 3,944,409
Regulatory Assets / Liabilities	8,257	22(c)	(3,368)	4,889	3,368	8,257
Accumulated Deferred Income Taxes - Federal	(767,730)	8(b), 22(d)	7,881	(759,849)	(4,569)	(764,418)
Accumulated Deferred Income Taxes - State	(127,304)	8(c), 22(e)	2,192	(125,112)	(738)	(125,851)
Working Capital						
Materials and supplies	54,604			54,604	-	54,604
Prepayments	2,216			2,216	-	2,216
O&M Cash Allowance (1/8 O&M exp)	34,960		(4,150)	30,810	3,600	34,410
Supply Cash Allowance (Sep 09 lead/lag study)	24,882		-	24,882	-	24,882
Change in Supply Cash Allowance (3.64% x RY Gas exp)	(7,125)		(2,664)	(9,789)	533	(9,256)
subtotal Working Capital	109,537		(6,814)	102,723	4,133	106,856
subtotal avg. before EBCAP adj.	3,228,282		(151,801)	3,076,481	92,772	3,169,254
Excess Earnings Base adjustment	40,778		-	40,778	-	40,778
Total Rate Base	$ 3,269,060		$ (151,801)	$ 3,117,259	$ 92,772	$ 3,210,032

Niagara Mohawk Power Corporation d/b/a National Grid
PSC Case No. 19-G-0310
Capital Structure - Company Rebuttal
For the Rate Year Ending March 31, 2021

Company's Rebuttal Capital Structure Forecast

	Total Annual Avg	Weighting Percent	Cost	Weighted Cost	Pre-Tax Weighted Cost
Long Term Debt	$ 1,679,330	51.37%	4.06%	2.09%	2.09%
Customer Deposits	20,581	0.63%	2.45%	0.02%	0.02%
Preferred Stock	-	0.00%	0.00%	0.00%	0.00%
Common Equity	1,569,149	48.00%	9.65%	4.63%	6.40%
Total	$ 3,269,060	100.00%		6.74%	8.51%

Staff's Capital Structure Forecast

	Total Annual Avg	Weighting Percent	Cost	Weighted Cost	Pre-Tax Weighted Cost
Long Term Debt	$ 1,600,394	51.34%	4.06%	2.08%	2.08%
Customer Deposits	20,581	0.66%	2.45%	0.02%	0.02%
Preferred Stock				0.00%	0.00%
Common Equity	1,496,285	48.00%	8.20%	3.94%	5.44%
Total	$ 3,117,259	100.00%		6.04%	7.54%

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OTHER REVENUE REQUIREMENT INPUTS

Forecast Rate Year Rates to apply to Rev Req				
Bad Debt % for Rev Req	0.63%	0.00000%	Tax	$ 12,111
GRT rate for Rev Req	1.05%		Revenue	$ 1,153,441
Federal Income Tax rate	21.00%		GRT	1.0499891%
NYS Income Tax rate	8.38%	72.3798%		
Historic Year EBCAP	$ (65,660)			
General Inflation (from 12/31/18 to 03/31/19)	3.9570%			

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Keyspan Gas East Corporation d/b/a National Grid
PSC Case No. 19-G-0310
Company Rebuttal to PSC Staff Direct Case
Company Rebuttal to Staff Adjustments for the Rate Year Ending March 31, 2021
($000's)

		Staff Direct Amount		Company Adjustments to Staff Amount		Company Rebuttal Amount	
	Operating Revenues						
Adj. 1	To reduce Operating Revenues associated with NESE	(75,708)		-		(75,708)	
Adj. 9	To reduce Operating Revenue associated with NESE, to reflect the Company's latest sales forecast	33,791	$ (41,917)	(16,485)	$ (16,485)	17,307	$ (58,402)
	Purchased Gas Costs						
Adj. 2	To reduce Purchased Gas costs associated with NESE	(52,099)		-		(52,099)	
Adj. 10	To reduce Purchased Gas costs associated with NESE, to reflect the Company's latest sales forecast	18,931	$ (33,168)	(8,512)	$ (8,512)	10,419	$ (41,680)
	Revenue Taxes						
Adj. 3	To reduce Revenue Tax associated with NESE	(525)		-		(525)	
Adj. 11	To reduce Revenue Taxes associated with NESE, to reflect the Company's latest sales forecast	5,508	$ 4,983	(5,309)	$ (5,309)	199	$ (326)
	Operating and Maintenance Expenses						
				-			
	Consultants			-			
Adj. 16 (a)	To adjust Consultants to remove charges from Alix Partners	(714)	$ (714)	714	$ 714	-	$ -
	Other						
Adj. 16 (b)	To adjust other expense to remove the unaccrued amounts relating to PSEG electric bill payments	(1,153)	$ (1,153)	22	$ 22	(1,131)	$ (1,131)
	Service Company Rents						
Adj. 16 (c)							
1	To adjust Service Company Rents to remove certain projects	(37)		(13)		(50)	
2	To remove Gas Business Enablement (GBE) CapEx contingencies	(1,526)		1,526		-	
3	To reduce Service Company Rents to reflect Staff's ROE	(2,805)		2,805		-	
4	To adjust Service Company Rents to reflect Staff's forecasted Budget	(2,988)	$ (7,356)	2,988	$ 7,306	-	$ (50)
	Total Labor						
Adj. 16 (d)							
1	To reduce Labor expense to reflect a 3% management wage increase	(167)		167		-	
2	To reduce Labor expense to reflect a vacancy rate	(3,229)	$ (3,396)	3,229	$ 3,396	-	$ -
	Transportation						
Adj. 16 (e)	To reflect Staff's forecast of vehicles to be replaced	(559)		559		-	
	To reflect Company's correction per DPS-661	-	$ (559)	(387)	$ 172	(387)	$ (387)
	Other Initiatives						
Adj. 4 (a)	To reduce Other Initiatives associated with NESE	(79)		26		(54)	
Adj. 12 (a)	To remove 2.2 FTEs from Future of Heat for Renewable Natural Gas and Non-Pipeline Alternative	(177)		177		-	
Adj. 16 (f)							
1	To include the CapEx costs of Low-Pressure Main Valve Installations (offset by the amortization of N	50		(50)		-	
2	To remove 1 FTE from GSP Contractor Safety Inspection	(9)		9		-	
3	To reduce management salary increase to 3%	(12)		12		-	
4	Staff adjustment to the Hydrogen Blending Research project	(24)		24		-	
5	To remove 3 FTEs from GIOP OpEx Support For Capital Program	(33)		33		-	
6	To remove 0.3 FTE from FOH Demand Response	(40)		40		-	
7	To remove 0.5 FTE from FOH Green Gas Tariff	(62)		62		-	
8	To remove 0.6 FTE from GSP Enhanced Methane Detection	(65)		65		-	
9	To remove 0.5 FTE from GIOP Research and Development	(70)		70		-	
10	To update labor burdens for Staff's Rate Year forecast	(76)		(65)		(141)	
11	To remove 0.5 FTE from FOH Geothermal	(80)		80		-	
12	To remove 1 FTE from FOH Utility Energy Services Contract	(103)		103		-	
13	To adjust allocation of costs for the Customer Online Fuel Switch Calculator	(104)		104		-	
14	To remove 1.4 FTEs from GIOP Storm Hardening	(135)		135		-	
15	To remove UESC costs to reflect costs being funded through the ETIP budget	(138)		138		-	
16	To remove 3 FTEs from GIOP IMP/IVP OpEx	(215)		215		-	
17	To remove EM&V costs to reflect costs being funded through the ETIP budget	(474)		474		-	
18	To remove Demand Response Program costs, recovered through a non-bypassable delivery surcharge	(577)		577		-	
19	Staff adjustment to Power to Gas project	(650)		650		-	
20	To remove Storm Hardening to reflect pushing program out a year	(877)		877		-	
21	Staff adjustment to the Geothermal project	(877)		877		-	
22	To adjust Gas IS Opex/RTB to apply slippage to Opex/RTB	(996)		996		-	
23	Staff adjustment to IMP/IVP OpEx - IMP (PHMSA Rules)	(2,134)		2,134		-	
24	To adjust Gas IS Opex/RTB to remove CIS	(4,885)	$ (12,842)	4,885	$ 12,648	-	$ (194)
	Productivity Adjustment						
Adj. 16 (g)	To adjust productivity to reflect Staff's Labor forecast	43	$ 43	(43)	$ (43)	-	$ -
	Uncollectible Accounts					-	
Adj. 4 (b)	To reduce Uncollectible accounts associated with NESE	(478)		109		(369)	
Adj. 16 (h)	To adjust Uncollectibles to reflect the latest rolling 3 year average	(319)	$ (797)	319	$ 428	-	$ (369)

Keyspan Gas East Corporation d/b/a National Grid
PSC Case No. 19-G-0310
Company Rebuttal to PSC Staff Direct Case
Company Rebuttal to Staff Adjustments for the Rate Year Ending March 31, 2021
($000's)

		Staff Direct Amount		Company Adjustments to Staff Amount		Company Rebuttal Amount	
	Site Investigation and Remediation						
Adj. 16 (i)	To reduce SIR Expense to reflect a projected average of MGP Costs for FY21-FY24	(1,734)	$ (1,734)	1,734	$ 1,734	-	$ -
	Savings						
Adj. 16 (j)							
1	To adjust savings to include savings associated with initiatives #17533 and #24611	(73)		-		(73)	
2	To adjust savings, reducing the cost to achieve	(132)		132		-	
3	To adjust savings to reflect the updated Level 4 and Level 5 savings	(762)		-		(762)	
4	To adjust savings to reflect Level 3 savings in the Rate Year	(3,220)	$ (4,187)	3,220	$ 3,352	-	$ (835)
	Economic Development						
Adj. 16 (k)	To adjust economic development to reflect Staff's incremental program costs	500	$ 500	(500)	$ (500)	-	$ -
	Incentive Program						
Adj. 4 (c)	To reduce Incentive Program costs associated with NESE	(1,800)	$ (1,800)	-	$ -	(1,800)	$ (1,800)
	Total Operating and Maintenance Expense Adjustment		$ (33,995)		$ 29,228		$ (4,767)
	Amortization of Regulatory Deferrals						
Adj. 17							
1	To amortize the Economic Development program deferral account to offset Staff's incremental prograr	(500)		500		-	
2	To amortize Gas Safety NRAs deferral accounts to offset the costs of specific Gas Safety programs re	(1,231)		1,231		-	
3	To amortize the unexpended EEPS and ETIP deferral balances over a 5-year period	(2,050)	$ (3,781)	2,050	$ 3,781	-	$ -
	Depreciation Expense						
Adj. 5	To reduce Depreciation expense associated with NESE	(647)		(13)		(660)	
Adj. 18							
1	To adjust Depreciation Expense tracking Staff's forecast of Plant additions	(1,033)		1,033		-	
2	To adjust Depreciation Expense to reflect Staff's Depreciation Rates	(10,624)	$ (12,304)	10,624	$ 11,644	-	$ (660)
	Taxes Other Than Revenue & Income Taxes						
	Real Estate Taxes						
Adj. 19 (a)	To reduce Property Taxes to reflect a 3-Year average growth rate	(2,326)	$ (2,326)	2,326	$ 2,326	-	$ -
	Payroll Taxes						
Adj. 19 (b)	To adjust Payroll Taxes to reflect Staff's Labor Forecast	(227)	$ (227)	227	$ 227	-	$ -
	Total Taxes Other Than Revenue & Income Taxes Adjustments		**$ (2,553)**		**$ 2,553**		**$ -**
	Federal Income Taxes						
Adj. 6	To adjust current Federal Income tax tracking the adjustments removing NESE	(3,627)		-		(3,627)	
Adj. 13	To adjust current Federal Income tax tracking the adjustments removing NESE	1,833		-		1,833	
Adj. 20 (a)	To reflect an amortization period of 10 years for excess ADIT	(5,421)		5,421		-	
Adj. 20 (b)	To adjust current Federal Income Taxes, tracking Staff's adjustments	9,955	$ 2,740	(10,033)	$ (4,612)	(78)	$ (1,872)
	State Income Taxes						
Adj. 7	To adjust current State Income tax tracking the adjustments removing NESE	(1,580)		-		(1,580)	
Adj. 14	To adjust current State Income tax tracking the adjustments removing NESE	799		-		799	
Adj. 21	To adjust current State Income Taxes, tracking Staff's adjustments	4,335	$ 3,554	(4,369)	$ (4,369)	(34)	$ (815)
	Total Income Tax Adjustments		**$ 6,294**		**$ (8,981)**		**$ (2,687)**
	Rate Base						
	Net Utility Plant						
Adj. 8 (a)	To reduce Net Utility Plant associated with NESE	(60,009)		(1,104)		(61,113)	
	Utility Plant						
Adj. 22 (a)	To reflect Staff's forecast of plant additions	(81,227)		81,227		-	
	Accumulated Depreciation						
Adj. 22 (b)							
1	To adjust Accumulated Depreciation tracking Staff's adjustments to Utility Plant	(15,768)		15,768		-	
2	To adjust Accumulated Depreciation tracking Staff's adjustment to Depreciation expense	5,312	$ (151,692)	(5,312)	$ 90,579	-	$ (61,113)
	Regulatory Assets/Liabilities						
Adj. 22 (c)	To remove the regulatory deferred asset balance related to CSC reimbursable projects from rate base	(3,368)	$ (3,368)	3,368	$ 3,368	-	$ -
	Accumulated Deferred Income Taxes - Federal						
Adj. 8 (b)	To adjust ADIT associated with NESE	3,254		-		3,254	
Adj. 22 (d)							
1	Staff Adjustment to ADIT tracking Staffs adjustment to the amortization of other non-plant excess AD	(1,493)		1,493		-	
2	Staff Adjustment to ADIT tracking Staffs adjustment to the amortization of excess unprotected plant A	4,203		(4,203)		-	
3	To adjust ADFIT tracking Staffs adjustment to Net Utility Plant	1,917	$ 7,881	(1,859)	$ (4,569)	58	$ 3,312

Keyspan Gas East Corporation d/b/a National Grid
PSC Case No. 19-G-0310
Company Rebuttal to PSC Staff Direct Case
Company Rebuttal to Staff Adjustments for the Rate Year Ending March 31, 2021
($000's)

		Staff Direct Amount		Company Adjustments to Staff Amount		Company Rebuttal Amount	
	Accumulated Deferred Income Taxes - State						
Adj. 8 (c)	To adjust ADIT associated with NESE	1,428				1,428	
Adj. 22 (e)	To adjust ADSIT tracking Staffs adjustment to Net Utility Plant	764	$ 2,192	(738)	$ (738)	25.59	$ 1,454
	Working Capital						
Adj. 8 (d)							
2	Change in Supply Cash Allowance associated with NESE	(2,664)		-		(2,664)	
1	Change in Cash Working Capital associated with NESE	(235)		-		(235)	
Adj. 15	Change in Supply Cash Allowance associated with NESE	(22)		533		511	
Adj. 22 (f)	To adjust working capital to reflect Staff's O&M adjustments	(3,893)	$ (6,814)	3,600	$ 4,133	(293)	$ (2,681)
	Total Rate Base Adjustments		**$ (151,801)**		**$ 92,772**		**$ (59,029)**

Keyspan Gas East Corporation d/b/a National Grid
PSC Case No. 19-G-0310
Taxes Other Than Income Taxes - Company Rebuttal
For the Rate Year Ending March 31, 2021
($000's)

Taxes Other Than Revenue and Income Taxes	C&U Filing Rate Year Ending March 31, 2021	Adj. #	Staff Adjustments	Rate Year As Adjusted By Staff	Company Adjustments to Staff Amounts	Company Rebuttal Rate Year
Real Estate Taxes						
Real Property	$ 181,880	19a	$ (2,326)	$ 179,554	$ 2,326	$ 181,880
Special Franchise			-	0	-	-
Total Real Estate Taxes	181,880		(2,326)	179,554	2,326	181,880
Payroll Taxes	5,812	19b	(227)	5,585	227	5,812
Other	720		-	720	-	719.52
Total Taxes Other Than Revenue and Income Taxes	$ 188,412		$ (2,553)	$ 185,859	$ 2,553	$ 188,412

Keyspan Gas East Corporation d/b/a National Grid
PSC Case No. 19-G-0310
Summary of Depreciation and Amortization Expense - Company Rebuttal
For the Rate Year Ending March 31, 2021
($000's)

	C&U Filing Rate Year Ending March 31, 2021		Staff Adjustments	As Adjusted by Staff Rate Year Ending March 31, 2021	Company Adjustments to Staff Amounts	Company Rebuttal Rate Year Ending March 31, 2021
Depreciation Expense (acct 403)	$ 107,783	5	$ (12,304)	$ 95,479	$ 11,644	$ 107,123
Amortization Expense (acct 404-405)	-		-	-	-	-
Accretion Expense (acct 411.10)	-		-	-	-	-
(Gain) Loss on Disposition of Utility Plant (acct 411.7)	-		-	-	-	-
Total Depreciation & Amortization Expense	107,783		$ (12,304)	$ 95,479	$ 11,644	$ 107,123

Keyspan Gas East Corporation d/b/a National Grid
PSC Case No. 19-G-0310
Tax Deduction for Interest Expense - Company Rebuttal
For the Rate Year Ending March 31, 2021
($000's)

	C&U Filing Rate Year Ending March 31, 2021	Staff Adjustments	As Adjusted by Staff Rate Year Ending March 31, 2021	Company Adjustments to Staff Amounts	Company Rebuttal Rate Year Ending March 31, 2021
Avg Rate Base Per Books	$ 3,228,282	$ (151,801)	$ 3,076,481	$ 92,772	$ 3,169,254
Plus: Forecast of Avg Interest Bearing CWIP	-	-	-	-	-
Less: Rate Base moved to GAC	-	-	-	-	-
Less: Excess Earnings Adj (EBCAP)	(40,778)	-	(40,778)	-	(40,778)
Rate Base	3,269,060	(151,801)	3,117,259	92,772	3,210,032
Weighted Cost of LTD Debt	2.09%	-0.01%	2.08%	0.01%	2.09%
Weighted Cost of Cust Deposits	0.02%	0.00%	0.02%	0.00%	0.02%
subtotal weighted cost of debt	2.11%	-0.01%	2.10%	0.01%	2.11%
Total Income Tax Interest Deduction	$ 68,977	$ (3,515)	$ 65,462	$ 2,269	$ 67,732

Keyspan Gas East Corporation d/b/a National Grid
PSC Case No. 19-G-0310
Working Capital - Cash Allowance - Company Rebuttal
For the Rate Year Ending March 31, 2021
($000's)

Description	C&U Filing Rate Year Ending March 31, 2021	Staff Adjustments	As Adjusted by Staff Rate Year Ending December 31, 2021	Company Adjustments to Staff Amounts	Company Rebuttal Rate Year Ending December 31, 2021
Total O&M Expense	$ 287,077	$ (33,995)	$ 253,082	$ 29,228	$ 282,310
Remove major non-cash items included O&M expense :					
Bad Debt expense	(7,397)	797	(6,600)	(428)	(7,027)
Other (EE, 18A)	0		0	0	0
Subtotal	(7,397)	797	(6,600)	(428)	(7,027)
Add major cash items not included in O&M expense:					
Other	-	-	-	-	-
Subtotal	-	-	-	-	-
Total Adjustments	(7,397)	797	(6,600)	(428)	(7,027)
Adjusted O&M Expense	$ 279,680	$ (33,198)	$ 246,482	$ 28,800	$ 275,283
Departmental Cash Allowance - 1/8 (45 days)	$ 34,960	$ (4,150)	$ 30,810	$ 3,600	$ 34,410
Supply Cost Cash Allowance (3.64% x HY Gas exp)	-	-	-	-	-

(note: The Supply Cost Allowance is being presented separately, therefore will be removed from the historic Excess Earnings Base Adjustment)

Keyspan Gas East Corporation d/b/a National Grid
PSC Case No. 19-G-0310
Comparison of Average Historic Rate Base and Capitalization - Company Rebuttal
For the Rate Year Ending March 31, 2021
($000's)

		TOTAL	Staff Adjustments	TOTAL	Company Adjustments	TOTAL
(A)	AVERAGE RATE BASE - PER BOOKS	$ 2,456,561	-	$ 2,456,561	-	$ 2,456,561
(B)	ADD: Average interest-bearing CWIP	134,448	-	134,448	-	134,448
(C)	TOTAL EARNINGS BASE (A+B)	2,591,009	-	2,591,009	-	2,591,009
	Percent	100.00%				
(D)	AVERAGE CAPITALIZATION (CE excludes merger Goodwill, and may be adj for TCI if required):					
	Long Term Debt	1,200,000		1,200,000		1,200,000
	Notes Payable			0		0
	Gas Supplier Refunds	243		243		243
	Customer Deposits	14,814		14,814		14,814
	Preferred Stock			0		0
	Common Equity (excludes merger GW; incl TCI adj)	1,263,345 [1]		1,263,345		1,263,345
	Avg. Allocated to Elec / Gas based on Earnings Base	2,478,402		2,478,402		2,478,402
(E)	Add dividends declared but unpaid representing the timing difference between declaration and payment	-	-	-	-	-
(F)	SUBTOTAL (D+E)	2,478,402		2,478,402		2,478,402
	LESS Average Investments in:					
	Detailed balance sheet accounts	(237,600)	-	(237,600)	-	(237,600)
	Accumulated Def Inc Tax Adjustment	59,333	-	59,333	-	59,333
	Goodwill					
(G)	Total Deductions	(178,267)		(178,267)		(178,267)
(H)	Capitalization Dedicated to Public Service (F-G)	2,656,669		2,656,669		2,656,669
(J)	Excess Earnings Base (Total Earnings Base) less Average Capitalization Devoted to Service Current Customers) (C-H)	$ (65,660)		$ (65,660)		$ (65,660)

Exhibit __ (RRP-2R)

Net Utility Plant and Depreciation Expense

Keyspan Gas East Corporation d/b/a National Grid
NY PSC Case 16-G-0058
Company Rebuttal
Rate Year and Data Years Balances of Gas Net Utility Plant and Depreciation Expense
($000's)

	Rate Year and Data Years Ending March 31,			
	2021	2022	2023	2024
Total Net Plant per Corrections and Updates	$ 4,005,522.8	$ 4,489,243.4	$ 4,933,719.3	$ 5,411,922.3
Adjustments to Reflect Rebuttal:				
1. Updated Net Utility Plant Forecast				
Update to exclude NESE projects	(61,113.3)	(142,884.5)	(230,480.9)	(327,947.2)
Updates for capital investment changes	-	-	-	-
Total Adjustments	$ (61,113.3)	$ (142,884.5)	$ (230,480.9)	$ (327,947.2)
Revised Total Net Plant to Reflect Rebuttal	$ 3,944,409.5	$ 4,346,358.9	$ 4,703,238.4	$ 5,083,975.2
Revenue Requirement Effect of Rate Base Change				
Total Adjustments	$ (61,113.3)	$ (142,884.5)	$ (230,480.9)	$ (327,947.2)
Pre-Tax Return %	10.62%	10.62%	10.62%	10.62%
Revenue Requirement Change due to Net Plant Adjustments	$ (6,490.2)	$ (15,174.3)	$ (24,477.1)	$ (34,828.0)
Total Depreciation Expense per Corrections and Updates	$ 107,783.0	$ 113,326.0	$ 122,069.6	$ 131,294.3
1. Updated Net Utility Plant Forecast				
Update to exclude NESE projects	(660.1)	(1,685.0)	(2,778.4)	(3,969.4)
Updates for capital investment changes	$ -	$ -	$ -	$ -
Total Adjustments	$ (660.1)	$ (1,685.0)	$ (2,778.4)	$ (3,969.4)
Revised Total Depreciation Expense to Reflect Rebuttal	$ 107,122.9	$ 111,641.0	$ 119,291.2	$ 127,324.9

Keyspan Gas East Corporation d/b/a National Grid
Monthly Balances of Gas Net Utility Plant and Depreciaton Expense
Rate Year Ending March 31, 2021

($000's)

	Balance at Month End	Total Gas Plant in Service (a)	Non-Interest Bearing CWIP (b)	Reserve for Depreciation (c)	Gas Net Utility Plant in Service (d)	Depreciation (e)
1	Mar-20 (1/2 month)	$ 2,347,775	$ 10,708	$ (447,881)	$ 1,910,602	
2	Apr-20	$ 4,719,558	$ 21,728	$ (900,471)	$ 3,840,816	$ 8,847
3	May-20	$ 4,736,307	$ 23,566	$ (905,687)	$ 3,854,187	$ 8,879
4	Jun-20	$ 4,756,202	$ 24,805	$ (910,215)	$ 3,870,793	$ 8,905
5	Jul-20	$ 4,791,866	$ 23,468	$ (913,882)	$ 3,901,452	$ 8,932
6	Aug-20	$ 4,810,106	$ 28,434	$ (917,371)	$ 3,921,168	$ 8,978
7	Sep-20	$ 4,830,025	$ 30,674	$ (921,944)	$ 3,938,755	$ 9,004
8	Oct-20	$ 4,850,174	$ 37,881	$ (925,491)	$ 3,962,564	$ 9,032
9	Nov-20	$ 4,869,635	$ 41,824	$ (929,393)	$ 3,982,066	$ 9,060
10	Dec-20	$ 4,903,297	$ 41,747	$ (932,675)	$ 4,012,369	$ 8,929
11	Jan-21	$ 4,927,133	$ 41,183	$ (937,852)	$ 4,030,464	$ 8,816
12	Feb-21	$ 4,960,026	$ 40,414	$ (941,631)	$ 4,058,808	$ 8,849
13	Mar-21 (1/2 month)	$ 2,499,119	$ 21,302	$ (471,551)	$ 2,048,869	$ 8,893
14	Total Gas (Sum of Lines 1 to 13)	58,001,222	387,735	(11,056,044)	47,332,913	107,123
15	Average Monthly Balance (Line 16 / 12)	$ 4,833,435	$ 32,311	$ (921,337)	$ 3,944,409	

Column (a) - Lines 1 through 13 - Workpapers for Exhibit (RRP-7), Schedule 1, Workpaper 1, Page 16-17 Total Plant in Service line for respective month
Column (b) - Lines 1 through 13 - Workpapers for Exhibit (RRP-7), Schedule 1, Workpaper 1, Page 23-24 NIBCWIP line for respective month
Column (c) - Lines 1 through 13 - Workpapers for Exhibit (RRP-7), Schedule 1, Workpaper 1, Page 23-24 Total Depreciation Reserve line for respective month
Column (d) - Lines 1 through 13 - Column (a) + Column (b) + Column (c)
Column (e) - Lines 2 through 13 - Workpapers for Exhibit (RRP-7), Schedule 1, Workpaper 1, Page 16-17 Total Depreciation Expense line for respective month

Keyspan Gas East Corporation d/b/a National Grid
Monthly Balances of Gas Net Utility Plant and Depreciaton Expense
Rate Year Ending March 31, 2022

($000's)

	Balance at Month End	Total Gas Plant in Service (a)	Non-Interest Bearing CWIP (b)	Reserve for Depreciation (c)	Gas Net Utility Plant in Service (d)	Depreciation (e)
1	Mar-21 (1/2 month)	$ 2,499,119	$ 21,302	$ (471,551)	$ 2,048,869	
2	Apr-21	$ 5,135,133	$ 27,355	$ (947,872)	$ 4,214,616	$ 8,958
3	May-21	$ 5,154,611	$ 29,117	$ (953,243)	$ 4,230,486	$ 9,125
4	Jun-21	$ 5,176,841	$ 30,519	$ (957,950)	$ 4,249,410	$ 9,155
5	Jul-21	$ 5,213,614	$ 29,448	$ (961,919)	$ 4,281,144	$ 9,184
6	Aug-21	$ 5,239,909	$ 33,927	$ (965,214)	$ 4,308,622	$ 9,232
7	Sep-21	$ 5,268,944	$ 35,343	$ (969,454)	$ 4,334,832	$ 9,274
8	Oct-21	$ 5,294,589	$ 39,447	$ (973,062)	$ 4,360,974	$ 9,325
9	Nov-21	$ 5,354,656	$ 38,448	$ (976,975)	$ 4,416,129	$ 9,360
10	Dec-21	$ 5,394,498	$ 38,280	$ (980,207)	$ 4,452,571	$ 9,436
11	Jan-22	$ 5,422,287	$ 37,504	$ (985,852)	$ 4,473,939	$ 9,488
12	Feb-22	$ 5,461,020	$ 36,288	$ (990,075)	$ 4,507,233	$ 9,526
13	Mar-22 (1/2 month)	$ 2,755,016	$ 18,823	$ (496,357)	$ 2,277,482	$ 9,577
14	Total Gas (Sum of Lines 1 to 13)	63,370,237	415,801	(11,629,731)	52,156,307	111,641
15	Average Monthly Balance (Line 16 / 12)	$ 5,280,853	$ 34,650	$ (969,144)	$ 4,346,359	

Column (a) - Lines 1 through 13 - Workpapers for Exhibit (RRP-7), Schedule 1, Workpaper 1, Page 18-19 Total Plant in Service line for respective month
Column (b) - Lines 1 through 13 - Workpapers for Exhibit (RRP-7), Schedule 1, Workpaper 1, Page 25-26 NIBCWIP line for respective month
Column (c) - Lines 1 through 13 - Workpapers for Exhibit (RRP-7), Schedule 1, Workpaper 1, Page 25-26 Total Depreciation Reserve line for respective month
Column (d) - Lines 1 through 13 - Column (a) + Column (b) + Column (c)
Column (e) - Lines 2 through 13 - Workpapers for Exhibit (RRP-7), Schedule 1, Workpaper 1, Page 18-19 Total Depreciation Expense line for respective month

Keyspan Gas East Corporation d/b/a National Grid
Monthly Balances of Gas Net Utility Plant and Depreciaton Expense
Rate Year Ending March 31, 2023

($000's)

	Balance at Month End	Total Gas Plant in Service (a)	Non-Interest Bearing CWIP (b)	Reserve for Depreciation (c)	Gas Net Utility Plant in Service (d)	Depreciation (e)
1	Mar-22 (1/2 month)	$ 2,755,016	$ 18,823	$ (496,357)	$ 2,277,482	
2	Apr-22	$ 5,535,518	$ 37,957	$ (998,166)	$ 4,575,308	$ 9,669
3	May-22	$ 5,553,089	$ 39,809	$ (1,003,654)	$ 4,589,244	$ 9,704
4	Jun-22	$ 5,573,575	$ 41,113	$ (1,008,560)	$ 4,606,127	$ 9,730
5	Jul-22	$ 5,609,121	$ 40,021	$ (1,013,119)	$ 4,636,023	$ 9,757
6	Aug-22	$ 5,630,172	$ 44,693	$ (1,017,270)	$ 4,657,595	$ 9,803
7	Sep-22	$ 5,654,133	$ 46,487	$ (1,022,356)	$ 4,678,264	$ 9,833
8	Oct-22	$ 5,729,111	$ 42,810	$ (1,026,559)	$ 4,745,362	$ 9,867
9	Nov-22	$ 5,751,348	$ 46,153	$ (1,031,338)	$ 4,766,162	$ 10,106
10	Dec-22	$ 5,789,002	$ 45,480	$ (1,035,665)	$ 4,798,817	$ 10,137
11	Jan-23	$ 5,815,659	$ 44,539	$ (1,041,996)	$ 4,818,201	$ 10,187
12	Feb-23	$ 5,852,964	$ 43,075	$ (1,046,823)	$ 4,849,216	$ 10,224
13	Mar-23 (1/2 month)	$ 2,943,193	$ 22,958	$ (525,093)	$ 2,441,059	$ 10,274
14	Total Gas (Sum of Lines 1 to 13)	68,191,900	513,918	(12,266,957)	56,438,861	119,291
15	Average Monthly Balance (Line 16 / 12)	$ 5,682,658	$ 42,826	$ (1,022,246)	$ 4,703,238	

Column (a) - Lines 1 through 13 - Workpapers for Exhibit (RRP-7), Schedule 1, Workpaper 1, Page 19-20 Total Plant in Service line for respective month
Column (b) - Lines 1 through 13 - Workpapers for Exhibit (RRP-7), Schedule 1, Workpaper 1, Page 26-27 NIBCWIP line for respective month
Column (c) - Lines 1 through 13 - Workpapers for Exhibit (RRP-7), Schedule 1, Workpaper 1, Page 26-27 Total Depreciation Reserve line for respective month
Column (d) - Lines 1 through 13 - Column (a) + Column (b) + Column (c)
Column (e) - Lines 2 through 13 - Workpapers for Exhibit (RRP-7), Schedule 1, Workpaper 1, Page 19-20 Total Depreciation Expense line for respective month

Keyspan Gas East Corporation d/b/a National Grid
Monthly Balances of Gas Net Utility Plant and Depreciaton Expense
Rate Year Ending March 31, 2024

($000's)

	Balance at Month End	Total Gas Plant in Service (a)	Non-Interest Bearing CWIP (b)	Reserve for Depreciation (c)	Gas Net Utility Plant in Service (d)	Depreciation (e)
1	Mar-23 (1/2 month)	$ 2,943,193	$ 22,958	$ (525,093)	$ 2,441,059	
2	Apr-23	$ 5,913,515	$ 45,940	$ (1,056,052)	$ 4,903,404	$ 10,318
3	May-23	$ 5,932,078	$ 47,622	$ (1,061,998)	$ 4,917,702	$ 10,355
4	Jun-23	$ 5,954,304	$ 48,720	$ (1,067,890)	$ 4,935,135	$ 10,383
5	Jul-23	$ 5,991,731	$ 47,310	$ (1,072,842)	$ 4,966,199	$ 10,413
6	Aug-23	$ 6,019,114	$ 51,053	$ (1,077,311)	$ 4,992,856	$ 10,461
7	Sep-23	$ 6,043,584	$ 52,682	$ (1,082,960)	$ 5,013,307	$ 10,516
8	Oct-23	$ 6,066,226	$ 56,795	$ (1,087,735)	$ 5,035,285	$ 10,551
9	Nov-23	$ 6,298,121	$ 29,774	$ (1,092,879)	$ 5,235,016	$ 10,583
10	Dec-23	$ 6,339,333	$ 28,635	$ (1,097,844)	$ 5,270,124	$ 10,861
11	Jan-24	$ 6,368,811	$ 27,251	$ (1,104,802)	$ 5,291,260	$ 10,916
12	Feb-24	$ 6,409,815	$ 25,306	$ (1,110,228)	$ 5,324,893	$ 10,957
13	Mar-24 (1/2 month)	$ 3,224,817	$ 13,711	$ (557,066)	$ 2,681,462	$ 11,012
14	Total Gas (Sum of Lines 1 to 13)	$ 73,504,643	$ 497,759	$ (12,994,700)	$ 61,007,702	$ 127,325
15	Average Monthly Balance (Line 16 / 12)	$ 6,125,387	$ 41,480	$ (1,082,892)	$ 5,083,975	

Column (a) - Lines 1 through 13 - Workpapers for Exhibit (RRP-7), Schedule 1, Workpaper 1, Page 20-21 Total Plant in Service line for respective month
Column (b) - Lines 1 through 13 - Workpapers for Exhibit (RRP-7), Schedule 1, Workpaper 1, Page 27-28 NIBCWIP line for respective month
Column (c) - Lines 1 through 13 - Workpapers for Exhibit (RRP-7), Schedule 1, Workpaper 1, Page 27-28 Total Depreciation Reserve line for respective month
Column (d) - Lines 1 through 13 - Column (a) + Column (b) + Column (c)
Column (e) - Lines 2 through 13 - Workpapers for Exhibit (RRP-7), Schedule 1, Workpaper 1, Page 20-21 Total Depreciation Expense line for respective month

Keyspan Gas East Corporation d/b/a National Grid
Capital Expenditures (CAPEX)
Based on CAPEX Budget Classifications

		In-Svc/ Closing Rule	(a) 3 mos Forecast Jan'19 - Mar'19	(b) FY2020	(c) FY2021	(d) FY2022	(e) FY2023	(f) FY2024
	GAS PLANT							
1	Gas Production and Storage	9 month	0	8,010,888	10,208,181	5,457,436	3,552,808	12,195,219
2	Gas land & land rights	1 month	0	0	0	0	0	0
3	Gas Mains & Services	4 months	0	291,998,410	275,114,855	283,945,307	301,306,464	302,935,762
4	Gas Meters & House Regulators	2 months	0	10,584,971	7,741,611	8,150,728	8,292,074	8,457,566
5	Gas Measuring and Regulating	6 months	0	9,723,149	21,699,223	31,435,709	37,771,115	36,274,319
6	Gas General Equipment	2 months	0	3,901,745	4,351,701	4,243,154	4,266,904	4,345,500
7	LNG - Controls System Upgrade	Mar 2021	0	1,527,000	6,594,000	0	0	0
8	LNG - Boiloff Compressor System	Mar-2025	0	500,000	75,000	1,000,000	1,000,000	15,292,000
9	LNG - Tank Upgrade	Mar-2025	0	700,000	900,000	0	0	0
10	LNG - Power Center Upgrade	Mar-2026	0	0	0	100,000	2,000,000	6,000,000
11	LTLI10860 Riverhead Transmission Main - PM	Nov-2023	0	0	0	0	0	0
12	LTLI10985- Southeast Suffolk Infrastructure - Phase 1	Nov-2021	0	600,000	20,000,000	21,600,000	0	0
13	Pipeline Integrity -IVP - GM 9 Stewart Ave to	Mar-2025	0	0	0	2,520,000	2,000,000	25,000,000
14	Northwest Nassau Transm Main & Control Valve - Phase 1	Sep-2019	0	4,504,000	0	0	0	0
15	Northwest Nassau Transm Main & Control Valve - Phase 2	Apr-2021	0	30,705,000	79,239,000	38,000,000	2,500,000	0
16	Northwest Nassau Transm Main & Control Valve - Phase 3	Nov-2023	0	1,500,000	25,000,000	70,000,000	80,000,000	49,000,000
17	Fleet and Supply Chain	6 month	0	3,873,200	1,550,000	1,250,000	950,000	800,000
18	Facilities - Base Spend	9 month	0	875,000	250,000	2,400,000	2,400,000	3,000,000
19	Facilities - Bayshore New Building Completion	Jul-2019	0	2,896,000	0	0	0	0
20	Facilities - Materials Testing Lab ((w/equip)	Sep-2021	0	0	180,000	4,320,000	0	0
21	Facilities - Melville HUB Expansion (GC, Pkg Str & LI Training)	Various	0	2,067,000	1,350,000	2,050,000	0	0
22	Facilities - New Large Ops Site	Oct-2022	0	0	20,255,000	18,765,000	13,000,000	0
23	Facilities - Other New LI Ops Sites	Various	0	0	0	10,530,930	3,361,042	3,149,719
24	Future of Heat - Power to Gas		0	0	0	0	0	0
25	Future of Heat - Demand Reponse	2 months	0	107,200	26,800	26,800	26,800	0
26	Total Gas Plant (Sum of Lines 1 to 23)		0	374,073,562	474,535,371	505,795,062	462,427,207	466,450,085

Column (a-f) - Lines 1 through 16 - Workpapers for Exhibit (RRP-7), Schedule 1, Workpaper 2 for respective period
Column (a-f) - Line 17 - Workpapers for Exhibit (RRP-7), Schedule 1, Workpapers 5 and 6 for respective period
Column (a-f) - Line 18 through Line 23 - Workpapers for Exhibit (RRP-7), Schedule 1, Workpaper 4 for respective period
Column (a-f) - Line 18 through Line 24 + Line 25 - Workpapers for Exhibit (RRP-7), Schedule 1, Workpaper 7 for respective period

Keyspan Gas East Corporation d/b/a National Grid
Cost of Removal (COR)
Based on CAPEX Budget Classifications

		(a) 3 mos Forecast Jan'19 - Mar'19	(b) FY2020	(c) FY2021	(d) FY2022	(e) FY2023	(f) FY2024
	GAS PLANT						
1	Gas Production and Storage	0	0	0	0	0	0
2	Gas land & land rights	0	0	0	0	0	0
3	Gas Mains & Services	0	26,576,557	32,900,003	34,033,003	32,299,224	33,525,778
4	Gas Meters & House Regulators	0	0	0	0	0	0
5	Gas Measuring and Regulating	0	0	0	0	0	0
6	Gas General Equipment	0	0	0	0	0	0
7	LNG - Controls System Upgrade	0	0	0	0	0	0
8	LNG - Boiloff Compressor System	0	0	0	0	0	0
9	LNG - Tank Upgrade	0	0	0	0	0	0
10	LNG - Power Center Upgrade	0	0	0	0	0	0
11	LTLI10860 Riverhead Transmission Main - PM	0	0	0	0	0	0
12	LTLI10985- Southeast Suffolk Infrastructure - Phase 1	0	0	0	0	0	0
13	Pipeline Integrity -IVP - GM 9 Stewart Ave to	0	0	0	0	0	0
14	Northwest Nassau Transm Main & Control Valve - Phase 1	0	0	0	0	0	0
15	Northwest Nassau Transm Main & Control Valve - Phase 2	0	0	0	0	0	0
16	Northwest Nassau Transm Main & Control Valve - Phase 3	0	0	0	0	0	0
17	Fleet and Supply Chain	0	0	0	0	0	0
18	Facilities - Base Spend	0	120,000	50,000	60,000	60,000	60,000
19	Facilities - Bayshore New Building Completion	0	0	0	0	0	0
20	Facilities - Materials Testing Lab ((w/equip)	0	0	0	0	0	0
21	Facilities - Melville HUB Expansion (GC, Pkg Str & LI Training)	0	0	0	0	0	0
22	Facilities - New Large Ops Site	0	0	0	0	0	0
23	Facilities - Other New LI Ops Sites	0	0	0	0	0	0
24	Future of Heat - Power to Gas	0	0	0	0	0	0
25	Future of Heat - Demand Reponse	0	0	0	0	0	0
26	Total Gas Plant (Sum of Lines 1 to 23)	0	26,696,557	32,950,003	34,093,003	32,359,224	33,585,778

Column (a-f) - Line 3 - Workpapers for Exhibit (RRP-7), Schedule 1, Workpaper 2 for respective period
Column (a-f) - Line 10 - Workpapers for Exhibit (RRP-7), Schedule 1, Workpaper 4 for respective period

Keyspan Gas East Corporation d/b/a National Grid
Case 19-G-00310
Company Rebuttal
Capex Expenditures (Capex) and Cost of Removal (COR) Forecasts
(000)

	Corrections & Updates				
	FY2020	FY2021	FY2022	FY2023	FY2024
1 Gas Customer Connections	97,906,874	113,890,187	111,055,120	95,363,027	101,610,398
2 Gas Mandated	264,524,251	287,364,926	315,424,228	337,725,792	368,227,423
3 Gas Reliability	65,859,828	161,758,159	160,141,651	152,128,190	155,954,985
4 Gas Non-Infrastructure	4,100,485	4,560,631	4,459,184	4,494,654	4,585,850
5 Facilities	5,958,000	22,085,000	38,125,930	18,821,042	6,209,719
6 Fleet and Supply Chain	3,873,200	1,550,000	1,250,000	950,000	800,000
7 Future of Heat	107,200	26,800	26,800	26,800	0
Total	442,329,839	591,235,703	630,482,912	609,509,504	637,388,375

	Rebuttal Adjustments				
	FY2020	FY2021	FY2022	FY2023	FY2024
1 Gas Customer Connections	(41,559,720)	(83,122,502)	(84,567,368)	(89,431,092)	(97,669,423)
2 Gas Mandated	0	(627,827)	(1,914,479)	(3,252,981)	(3,200,090)
3 Gas Reliability	0	0	(4,113,000)	(22,039,000)	(36,483,000)
4 Gas Non-Infrastructure	0	0	0	0	0
5 Facilities	0	0	0	0	0
6 Fleet and Supply Chain	0	0	0	0	0
7 Future of Heat	0	0	0	0	0
Total	(41,559,720)	(83,750,329)	(90,594,847)	(114,723,073)	(137,352,513)
Rebuttal Adjustments:					
NESE Exclusions	(41,559,720)	(83,750,329)	(90,594,847)	(114,723,073)	(137,352,513)
Total Rebuttal Adjustments	(41,559,720)	(83,750,329)	(90,594,847)	(114,723,073)	(137,352,513)

	Rebuttal				
	FY2020	FY2021	FY2022	FY2023	FY2024
1 Gas Customer Connections	56,347,154	30,767,685	26,487,752	5,931,935	3,940,975
2 Gas Mandated	264,524,251	286,737,099	313,509,749	334,472,811	365,027,334
3 Gas Reliability	65,859,828	161,758,159	156,028,651	130,089,190	119,471,985
4 Gas Non-Infrastructure	4,100,485	4,560,631	4,459,184	4,494,654	4,585,850
5 Facilities	5,958,000	22,085,000	38,125,930	18,821,042	6,209,719
6 Fleet and Supply Chain	3,873,200	1,550,000	1,250,000	950,000	800,000
7 Future of Heat	107,200	26,800	26,800	26,800	0
Total	400,770,119	507,485,374	539,888,065	494,786,431	500,035,863

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Exhibit __ (RRP-3R)

Relevant Portions of Company Information Request ("IR") Responses

Date of Request: June 18, 2019 Request No. DPS-550
Due Date: June 28, 2019 NG Request No. NG-735

KEYSPAN GAS EAST CORPORATION d/b/a NATIONAL GRID
THE BROOKLYN UNION GAS COMPANY d/b/a NATIONAL GRID NY
Case Nos. 19-G-0309 & 19-G-0310
Gas Utilities Rates

Request for Information

FROM: DPS Staff, Hina M Thalho

TO: National Grid, Revenue Requirements Panel

SUBJECT: Other Expenses- KEDNY

Request:

Note: In all interrogatories, all requests for workpapers or supporting calculations shall be construed as requesting any Word, Excel or other computer spreadsheet models in original electronic format with all formulae intact and unlocked.

Referring to the two attached documents "DPS-548 Attachment 1 – KEDNY Other Expense by Activity Description," and "DPS-548 Attachment 2 – KEDNY Other Expense by Vendor," which are pivot tables created by Staff using the Company provided excel files detailing the KEDNY historic test year costs of $33.078 million as shown on Exhibit__(RRP-3), Summary, p. 1 and the MS Excel File Exhibit__(RRP-11), Workpapers to Exhibit___(RRP-3), Schedule 7, WP 1 for the O&M cost element "Other expense." The first schedule is a summary of historic test year costs identified by activity description, and the second schedule provides the historic test year costs broken down by vendor.

The activity description of Maint Svcs-Repair Gas Leak Maint includes $3.541 million of charges paid to the vendor titled "Finance Commissioner." Explain in detail what type of costs these charges represent.

Response:

These costs represent summonses associated with Notice of Violations ("NOVs") of permit conditions issued by the New York City Department of Transportation ("DOT").

To construct, operate, and maintain KEDNY's natural gas distribution system, the Company must regularly excavate in streets and sidewalks in the City of New York. For all non-emergency work, the Company secures a street opening permit in advance from the DOT. The Company electronically submits a permit application, that is reviewed by the DOT, and a permit is issued. The permit indicates, among other items, the area to be excavated and any work restrictions. From time to time, the Company receives NOVs in connection with these street openings. These violations include failure to follow permit conditions such as work hour restrictions, working outside of the permit area, and failure to restore the area to the DOT's standards. Many of these violations are the result of unanticipated field conditions (*e.g.*, subsurface facilities, parking conditions, heavy traffic) that necessitate work beyond the scope of the permit. KEDNY is focused on reducing the number of violations related to street opening permits and traffic violations. The Company reviews and analyzes NOVs to identify root causes and review work practices, implement process and reporting enhancements to increase awareness and improve performance, and inform whether additional training is required to reduce NOVs.

Attachment 1 is a report summarizing KEDNY's efforts to reduce the number of municipal violations incurred in connection with the Company's road openings, street closing, and related activities for year ended December 31, 2018.

Name of Respondent:	Date of Reply:
Aaron Choo	June 24, 2019

Tae Kim
Counsel
Legal Department

April 1, 2019

VIA ELECTRONIC DELIVERY
Honorable Kathleen H. Burgess, Secretary
Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

Re: Case 16-G-0059 – Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of The Brooklyn Union Gas Company d/b/a National Grid NY for Gas Service

Dear Secretary Burgess:

The Brooklyn Union Gas Company d/b/a National Grid ("Company") hereby submits this report describing its efforts to reduce the number of (i) municipal violations incurred in connection with the Company's road openings, street closing, and related activities and (ii) traffic violations, for year ended December 31, 2018 pursuant to the Joint Proposal adopted by the Commission's *Order Adopting Terms of Rate Plans and Establishing Gas Rate Plans* in the above-referenced matter.

Thank you for your attention to this filing. Please contact the undersigned with any questions or concerns on these matters.

Respectfully submitted,

/s/ Tae Kim
Tae Kim

One Metrotech Center, Brooklyn, NY 11201
T: 929-324-4550 ■ F: 917-310-0132 ■ Tae.Kim@nationalgrid.com ■ www.nationalgrid.com

NEW YORK STATE PUBLIC SERVICE COMMISSION

CASE 16-G-0059 – Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of The Brooklyn Union Gas Company d/b/a National Grid NY for Gas Service

ROADWORK AND TRAFFIC VIOLATIONS REPORT FOR YEAR ENDED 2018

The Brooklyn Union Gas Company d/b/a National Grid NY

Dated: April 1, 2019

Cases 16-G-0059 – Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of The Brooklyn Union Gas Company d/b/a National Grid NY for Gas Service

Roadwork and Traffic Violations Report for Year Ended 2018

The Brooklyn Union Gas Company d/b/a National Grid ("KEDNY" or "Company") submits this report describing its efforts to reduce the number of (i) municipal violations incurred in connection with the Company's road openings, street closing, and related activities and (ii) traffic violations, for the year ended December 31, 2018 pursuant to the Joint Proposal adopted by the Public Service Commission's (the "Commission") *Order Adopting Terms of Rate Plans and Establishing Gas Rate Plans* (Issued and Effective December 16, 2016) in Case 16-G-0059.[1]

I. BACKGROUND

KEDNY provides natural gas service to 1.2 million customers in the Boroughs of Brooklyn, Queens, and Staten Island in the City of New York. KEDNY operates a gas distribution network comprised of more than 4,100 miles of underground gas pipelines. To construct, operate, and maintain KEDNY's natural gas distribution system, the Company must regularly excavate in streets and sidewalks in the City of New York. For all non-emergency work, the Company secures a street opening permit in advance from the New York City Department of Transportation ("DOT"). The Company electronically submits a permit application, which is reviewed by the

[1] The Joint Proposal requires a report describing KEDNY's efforts to reduce notice of violations within 90 days after the close of each Rate Year, the twelve months ending December 31 of each year, of KEDNY's rate plan, beginning with Rate Year One (January 1, 2017 through December 31, 2017).

NYC DOT and a permit is issued. The permit indicates, among other items, the area to be excavated and any work restrictions.

From time to time, the Company receives violations ("Notice of Violations" or "NOVs") in connection with these street openings. These violations include failure to follow permit conditions, work hour restrictions, working outside of the permit area, and failure to restore the area to the DOT's standards. Many of these violations are the result of unanticipated field conditions (*e.g.*, subsurface facilities, parking conditions, heavy traffic) that necessitate work beyond the scope of the permit. For example, the Company may be required to work in a larger area or for a longer period than was contemplated at the time the permit was secured because of the conditions observed when the underground facilities are exposed. To complete the job, minimize disruptions, and ensure the provision of safe and reliable gas service to customers, the Company may be required to perform work that may not strictly conform to the permit stipulations in these cases. The Company may also work beyond the permit scope to expedite construction activities to accommodate local parking, traffic flow on critical roadways, or local business needs.

The Company works with the NYC DOT to amend street opening permits, when possible. However, changes to the scope/duration of street work that are identified in real time or during off hours, do not always afford the opportunity to secure permit modifications. The Company's efforts to coordinate permit modifications have been further challenged by a steady increase in the number of permits required in connection with KEDNY's increased construction activity. In 2014, the Company applied for approximately 20,000 street opening permits in NYC (including KEDLI's territory in the Rockaways); approximately 35,000 in 2015 and 2016; approximately 40,000 in 2017; and approximately 66,000 in 2018 – a more than 200 percent increase in just four years.

KEDNY also operates a fleet of more than one thousand vehicles to support field operations. The nature of the Company's business necessitates over five million driving miles each year across the Company's service territory. KEDNY prioritizes the safe operation of its vehicles, and its drivers undergo comprehensive driver safety training. However, from time to time, the Company's drivers/vehicles are issued citations for various moving and non-moving violations.

KEDNY is focused on reducing the number of violations related to street opening permits and traffic violations. As discussed in this report, the Company is reviewing and analyzing NOVs to identify root causes and review work practices, implementing process and reporting enhancements to increase awareness and improve performance, and providing additional training to reduce NOVs.

II. CONTINUED EFFORTS TO REDUCE ROADWORK VIOLATIONS

Beginning in 2017, internal resources (over 40 individuals) from various business functions within the Company participated in numerous process improvement workshops to identify internal and external root causes contributing to NYC DOT violations incurred by KEDNY. This effort identified both internal and external factors and root causes contributing to DOT violations. The following summarizes the continuing effort, accomplishments, and impact of the process improvements for calendar year 2018.

A. <u>Transition to NYCSTREETS.NET</u>

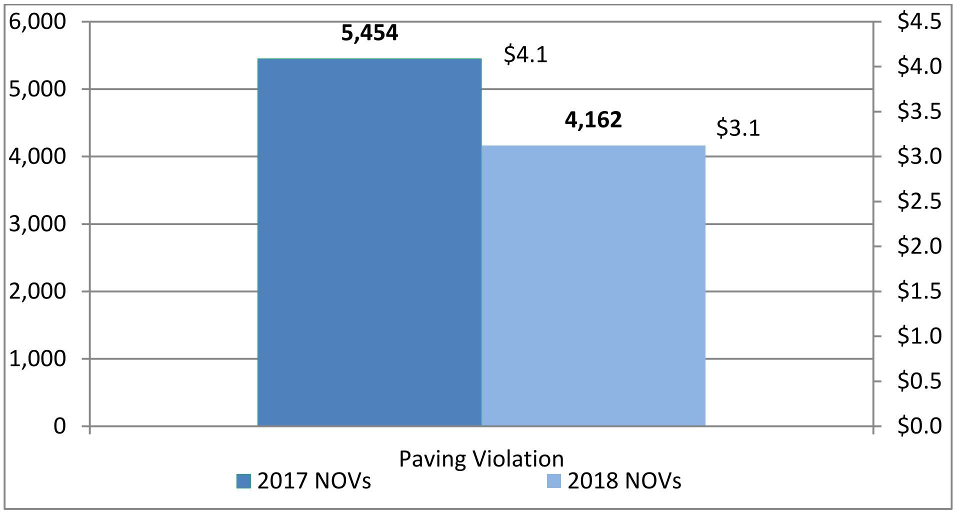
In June 2018, the DOT required KEDNY transition to the DOT's NYCSTREETS.NET web-based platform for ordering, reissuing, and renewing all permits by December 2018. The team currently tasked with reducing summonses supported the Company's transition from its internal permit management system to NYCSTREETS.NET. While the transition was successfully completed as required, it affected efforts for reducing overall summonses due to the shift of the team's duties.

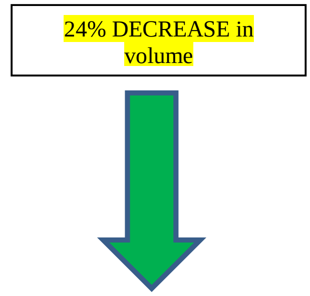
Despite a short-term impact to progress on reducing overall summonses, the Company expects the transition to NYCSTREETS.NET and future enhancements of the platform by DOT will allow KEDNY to more effectively manage its permits in line with the DOT's expectations. Currently, a nightly data output allows the Company to account for and report on all permits ordered – a feature not present prior to the transition. Additionally, KEDNY received permission from the DOT to explore automation opportunities to order, renew, and reissue roadwork permits, a process improvement implemented prior to the transition, on the new web-based platform.

B. Process Automation

KEDNY is currently utilizing Robotics Process Automation technology to renew and reissue a select group of both expired and upcoming expiring permits. The Company is looking to expand this technology to all its internal business units, expanding the concept to all permit reissues and renewals as well as new permit orders. By doing this, the Company expects to see a reduction in "*No Permit*" related summonses by removing the manual effort needed to manage them entirely. In calendar year 2018, the Company targeted paving related summonses, also known as D4F – Overdue for Final Restoration summonses. The Company saw a 24% reduction in these violations incurred compared with the prior year due to Robotics Process Automation, as shown in the chart below.

Paving Violations





C. Collaboration with DOT and External Contractors

In addition to automation, the Company set up monthly meetings with the DOT to discuss specific issues related to NOVs. This collaboration has opened avenues for future improvements to be made to reduce summonses incurred. Monthly process improvement meetings have been established with the Company's major contractors as well to ensure that both parties are working together to resolve field related issues resulting in NOVs.

D. Internal Process Improvements

The following are internal process improvements implemented in calendar year 2018:

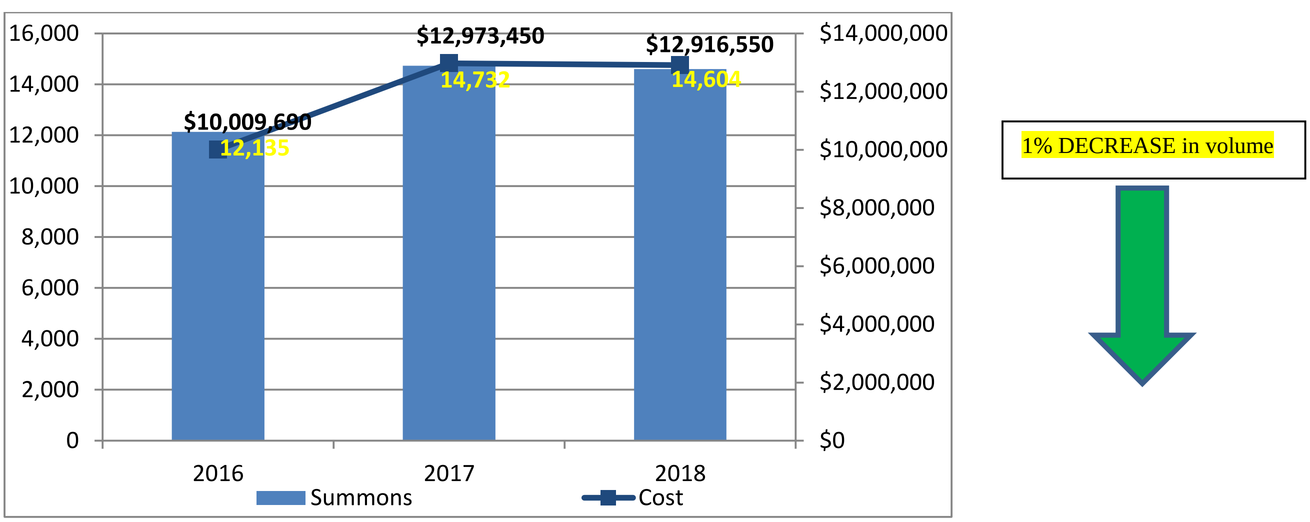
- The Company recently established a system improvement to create internal transparency for sending and receiving up-to-date information for barricade and plate pick-ups. Trucks receive orders for material pick-up upon job completion. The Company is also exploring route optimization opportunities to further increase its efficiencies with material pickup.

- Engineers in charge of designing and managing projects in the field are now routinely making daily site visits. The same applies for both external contractor and internal Company inspectors to ensure plates are secure and countersunk, per DOT specifications (implemented late November 2018).
- Additional checks and oversight have been put into place to ensure confirmations are ordered for all protected street permits requiring them. A 28% reduction in cost and 4% reduction in the volume of summonses has been achieved.
    - No Confirmation Summonses (D1B & D1J): CY2018 – 1,344, $477,000 (28%)
    - No Confirmation Summonses (D1B & D1J): CY2017 – 1,278, $610,500
- The Company has streamlined its summons response process by funneling summons through specific project managers/engineers with enhanced focus on direct line of responsibility.
- The Company has added a designated supervisor to manage the Corrective Action Request End-to-End process and have daily communication with contractors addressing those job sites.
- The Company has improved its NOVs reporting with monthly reports to leadership on NOVs incurred by internal function down to the project manager / engineer level. Additionally, these reports show the top violations incurred by function to facilitate identification of areas of improvement. This increased transparency allows leadership to take necessary actions to improve performance across their functional teams.

E. Changes to DOT Violation Enforcement

Overall, summonses have increased approximately $2 million over CY17. This is largely attributed to an observed 100+% increase in stipulation violations incurred ($2.2 million increase over last year) due to the DOT enforcement of stipulation violation codes 078 and 016. Both codes pertain to the clearing of the roadway and sidewalk at the end of each work day. These violations were only selectively enforced in years prior but are now being enforced on every job site where a permit for roadwork exists. If the enforcement continues at this rate, the Company will need to determine how best to handle as the cost and effort to remove all materials and barricades at the end of each day could be significant. The Company is currently in discussion with DOT officials regarding this concern. Notably, without this change in enforcement practices, the Company would have seen a 1% decrease in stipulation violations CY18 over CY17:

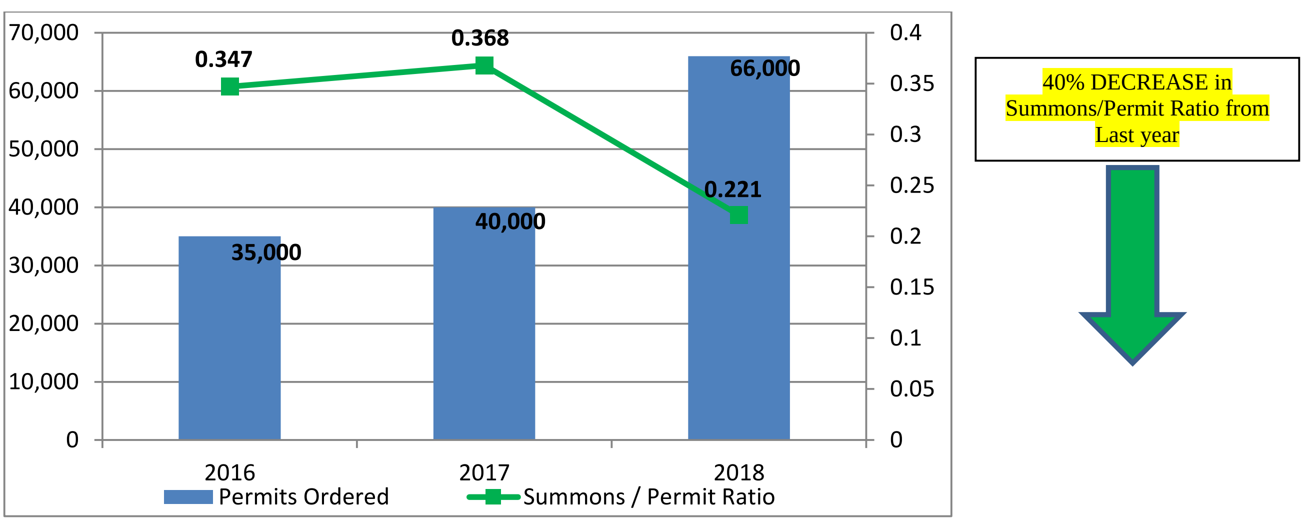
Total NOVs Incurred CY2018 Comparison ADJUSTED (Assuming no Stipulation Enforcement change)



F. <u>Total NOVs Normalized based upon Volume of Permits Ordered</u>

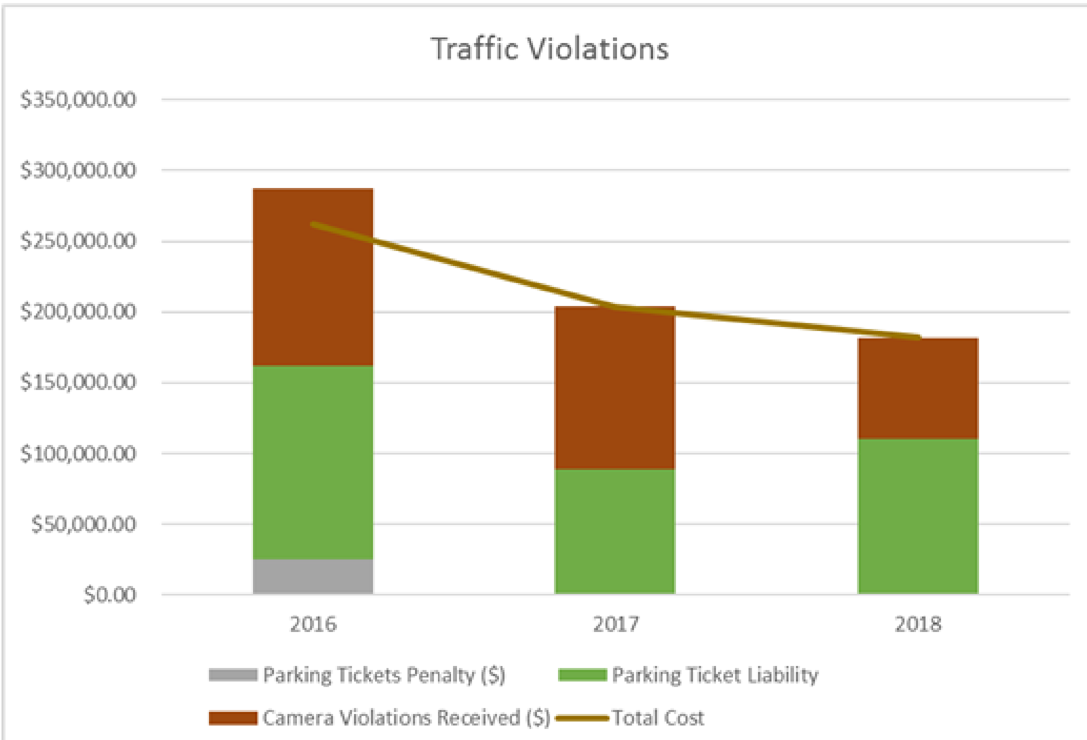
The Company's portfolio of construction activity has steadily grown over the recent years to meet the needs of customers. This translates to increased exposure for potential NOVs based upon the sheer volume of permits required to perform this work. In 2014, the Company applied for approximately 20,000 street opening permits in NYC; approximately 35,000 in 2015 and 2016; approximately 40,000 in 2017; and approximately 66,000 in 2018. This reflects a 230% increase in just four years. The below chart demonstrates a normalized data reduction in summonses of approximately 40% in calendar year 2018 compared to calendar year 2017 if the volume of work had not increased.

Summons / Permit Ratio (Normalized)

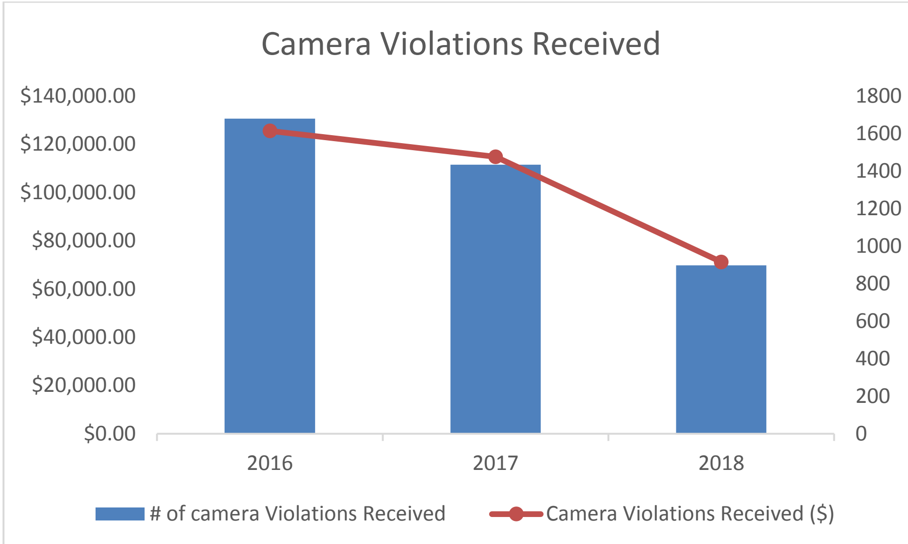


III. EFFORTS TO REDUCE TRAFFIC VIOLATIONS

From time to time, the Company receives traffic violations including parking violations and camera violations (*i.e.*, violations for, among others, speeding in a school zone, driving in a bus lane, and failure to stop at a red light). Since creating process improvements and enhanced reporting, as discussed in the Company's report for 2017, the Company has reduced costs related to traffic violations from $261,903.91 in 2016 to $203,556.46 in 2017 and $182,002.00 in 2018, as shown in the chart below.



The Company continues to utilize weekly reports on parking and moving violations by line of business and the vehicle number for easy identification of drivers with violations. As a result, supervisors are able to conduct timely conversations and instill necessary discipline to foster a positive change in driving behavior. The Company has been able to decrease its liability in moving violations by over 50% from 2016 (1679 camera violations tickets in 2016 compared to 897 tickets in 2018), as shown below.



	2016	2017	2018
# of camera Violations Received	1679	1434	897
Camera Violations Received ($)	$ 125,560.68	$ 114,851.46	$ 71,237.00

As a result of an analysis of tickets received in 2016, KEDNY determined that 37 percent of the tickets were due to failure to display a muni-meter receipt. After several process workshops, KEDNY identified an opportunity for tickets to be dismissed by having operators submit copies of expired muni meter receipts. As part of a pilot, the Company equipped operators with muni-meter prepaid cards to purchase muni meter receipts and avoid tickets. As a result of the pilot, tickets received due to failure to display muni meter receipt decreased by 18%. In 2018, the Company rolled out a muni meter app out to all employees to further decrease costs from tickets received from muni meters with no receipt.

In addition to reporting and analysis, the Company continued a standard process change from 2016 to expedite payment of violations received by replacing once a month check payments with payments weekly via credit card for camera violations and bi-weekly via ACH transfer for parking violations was created. This change resulted in a significant decrease in penalties from $25,513.23 in 2016 to $280.00 in 2017 and $10.00 in 2018.

	2016	2017	2018
Parking Tickets Penalty ($)	$ 25,513.23	$ 280.00	$ 10.00

The Company also continue to utilize the DriveCam Program to improve driver behavior, including risky behavior resulting in parking and traffic violations. The DriveCam Program enables daily tracking of violations and reporting of events including collision, near collision avoidance, driver conduct, traffic violations, driver awareness, distractedness, and seatbelt use. The Program provides training and, presentations on driver behaviors for lessons learned, and identification and assessment of coaching needs and effectiveness, risk scores and trends, and repeat offender status by team and individual. Data from DriveCams for the evaluation of driver performance together with the training and coaching from the DriveCam Program are intended to identify and improve driver behavior, including risk behavior that often results in parking and traffic violations.

IV. CONCLUSION

KEDNY is committed to reducing the number of traffic violations and violations related to street opening permits. As discussed in this report, the Company has undertaken, and continues to undertake, significant efforts to reduce the number of violations for the benefit of customers and the public.

Date of Request: June 20, 2019 — Request No. DPS-620
Due Date: July 1, 2019 — NG Request No. NG-806

KEYSPAN GAS EAST CORPORATION d/b/a NATIONAL GRID
THE BROOKLYN UNION GAS COMPANY d/b/a NATIONAL GRID NY
Case Nos. 19-G-0309 & 19-G-0310
Gas Utilities Rates

Request for Information

FROM: DPS Staff, Chelsea Kruger and Magen Bauer

TO: National Grid, Information Technology Panel

SUBJECT: IT — CDG Low Income Bill Discount Program

Request:

Note: In all interrogatories, all requests for workpapers or supporting calculations shall be construed as requesting any Word, Excel or other computer spreadsheet models in original electronic format with all formulae intact and unlocked.

Referring to Exhibit___(ITP-4) line item "CDG Low Income Bill Discount," INVP 5474.

a. Provide a detailed description of this items use for both KEDNY and KEDLI.
b. Provide a detailed description of how the budget was set for this item. Include all supporting documentation and workpapers including but not limited to reports, calculations, and other cost allocations used by the Companies.

Response:

a. Please refer DPS-487 Attachment 2 page 194, which is a copy of the IRS document for INVP 5474 CDG Low Income Bill Discount Program. In preparing this response the Company determined that Exhibit ___(ITP-4) includes the wrong allocation code as this program relates to NMPC only.

b. Please refer to DPS-487 Response and DPS-487 Attachment 2 page 194.

Name of Respondent: Daniel J. DeMauro Jr.

Date of Reply: July 1, 2019

Date of Request: July 1, 2019 Request No. DPS-755
Due Date: July 11, 2019 NG Request No. NG-984

KEYSPAN GAS EAST CORPORATION d/b/a NATIONAL GRID
THE BROOKLYN UNION GAS COMPANY d/b/a NATIONAL GRID NY
Case Nos. 19-G-0309 & 19-G-0310
Gas Utilities Rates

Request for Information

FROM: DPS Staff, Sarah E. Keymel

TO: National Grid, Revenue Requirements Panel (KEDNY & KEDLI)

SUBJECT: Savings

Request:

Note: In all interrogatories, all requests for workpapers or supporting calculations shall be construed as requesting any Word, Excel or other computer spreadsheet models in original electronic format with all formulae intact and unlocked.

1. The Companies' response to Staff's Information Request DPS-394, Attachment 25, p. 8, indicates that implementation level 3 initiatives are in the planned and approved stage. Explain why the Companies did not include any level 3 initiative savings in the rate year forecasts, considering the Companies' state that this level indicates "estimates [are] sound enough to take to the bank in budget."

2. For each implementation level 0 through 4, provide a monthly breakdown from inception of the Accelerate Program to present that includes: (i) how many initiatives were in each level; (ii) how many initiatives were cancelled; and (iii) how many initiatives progressed to the next level.

3. What is the average time it takes for an initiative to move from
   a. Implementation level 0 to 1;
   b. Implementation level 1 to 2;
   c. Implementation level 2 to 3;
   d. Implementation level 3 to 4; and
   e. Implementation level 4 to 5.

4. For each of the implementation level 5 initiatives shown on KEDNY's and KEDLI's Exhibit__(RRP-11), Workpapers to Exhibit-3, Schedule 34, Workpaper 1, provide the estimated savings for these initiatives when they were at each level 1-4, further broken down between KEDNY savings, KEDLI savings and Other Companies savings.

Response:

1. The phrase "estimates [are] sound enough to take to the bank in budget" means the Company has enough confidence in the initiative's business case and project plan that it is willing to invest the time and resources into attempting to execute on that initiative.

   While Implementation Level ("IL") 3 initiatives contain approved estimates and business cases, the initiatives have not yet been implemented and still carry significant risks to achieving the targeted savings. These risks include, but are not limited to, delayed implementation, changes to the implementation plan affecting the forecast savings value, or cancellation of the initiative. Any of these reasons could lead to significant overall savings adjustments or no savings at all despite the initial confidence in the business case and estimated value. Therefore, because the savings from these initiatives are still aspirational at this point and may not materialize, the Company does not believe it is appropriate to include a forecast of these savings in the cases. In contrast, IL4 initiatives have implementation plans that have all been completed and are therefore expected to deliver savings, as explained in the response to DPS-758.

   It should be noted that the Company did account for IL3 initiatives in two ways in the filings. First, the Company included a productivity adjustment in addition to the significant level of savings already reflected through the Accelerate Program. The purpose of this adjustment was to account for initiatives moving from IL3 to ILs 4 or 5. In addition, although the Accelerate Program ends in the Rate Year, the Company included the Rate Year adjustment with inflation across the Data Years – assuming the risk that it could sustain this level of savings across multiple years. For these reasons, IL3 initiatives have been accounted for and should not be separately included in the case.

2. Please see Attachment 1 for the IL0 to IL4 estimated monthly breakdown for all initiatives from inception of the Accelerate Program to present:

   - Tab 1 – (i) how many initiatives were in each level (excludes cancelled initiatives)
   - Tab2 – (ii) how many initiatives were cancelled each month at each level
   - Tab 3 – (iii) how many initiatives progressed to the next level each month

3. Please see Attachment 2 for the estimated average time it takes for an initiative to move to the next IL. Please note that when the Company launched the Accelerate program, many initiatives moved quickly through Wave because they were already in flight. Now that the Company is past the inaugural period in the process, as expected, initiatives and the movement of initiatives have begun to slow. New ideas have to be vetted and then approved by the appropriate individuals at each level of the process. As ideas become exhausted, more work is required to ensure that the initiative can actually deliver savings and benefits to customers.

4. Please see Attachment 3 for the estimated savings for the IL5 initiatives when they were at each level 1-4, broken down between KEDNY and KEDLI savings and Other

Companies savings as shown on KEDNY's and KEDLI's Exhibit__(RRP-11), Workpapers to Exhibit-3, Schedule 34, Workpaper 1.

Please note initiative owners can enter/edit the planned annualized impact in IL1 and IL2. Once an initiative moves to IL3, the planned benefits get locked and initiative owners will then be editing the forecast savings for each initiative.

<u>Name of Respondent:</u>
Stan Blazewicz
James Molloy

<u>Date of Reply:</u>
July 17, 2019

Keyspan Gas East Company
The Brooklyn Union Gas Company
d/b/a National Grid
Case 19-G-0309/0310
Attachment 1 to DPS-755

The Brooklyn Union Gas Company d/b/a National Grid NY
How many initiatives were in each level

Data as of	IL0	IL1	IL2	IL3	IL4	IL5	Grand Total
6/30/2018 4:00	23	13	17	29	0	5	87
7/28/2018 4:00	634	195	25	29	9	4	896
8/25/2018 4:00	509	223	39	35	13	2	821
9/29/2018 4:00	487	500	67	61	17	3	1135
10/27/2018 4:00	363	553	58	63	45	5	1087
11/24/2018 4:00	245	538	59	79	62	8	991
12/29/2018 4:00	277	563	78	81	92	12	1103
1/30/2019 4:00	271	655	88	95	109	16	1234
2/27/2019 4:00	273	580	79	82	139	22	1175
3/29/2019 3:00	268	537	75	89	152	31	1152
4/26/2019 3:00	351	335	71	82	156	39	1034
5/31/2019 3:00	353	513	80	77	161	41	1225
6/28/2019 3:00	358	606	64	75	173	42	1318

The Brooklyn Union Gas Company d/b/a National Grid NY
How many initiatives were cancelled at each level

Data as of	IL0	IL1	IL2	IL3	IL4	IL5
7/28/2018 4:00	79	30	8	22	9	4
8/25/2018 4:00	82	0	0	0	0	0
9/29/2018 4:00	2	51	1	0	1	0
10/27/2018 4:00	146	5	1	0	0	0
11/24/2018 4:00	22	2	2	0	0	0
12/29/2018 4:00	20	23	1	0	0	0
1/30/2019 4:00	54	4	1	0	0	1
2/27/2019 4:00	61	1	3	3	0	0
3/29/2019 3:00	27	21	0	0	0	0
4/26/2019 3:00	15	213	6	1	0	0
5/31/2019 3:00	0	5	1	2	1	0
6/28/2019 3:00	7	15	12	0	0	0

The Brooklyn Union Gas Company d/b/a National Grid NY
How many initiatives progressed to at each level

Data as of	IL0 -> IL1	IL1 -> IL2	IL2 -> IL3	IL3 -> IL4	IL4 -> IL5
6/30/2018 4:00	13	17	29	0	5
7/28/2018 4:00	184	18	22	9	4
8/25/2018 4:00	143	22	13	5	0
9/29/2018 4:00	393	45	30	9	1
10/27/2018 4:00	113	27	21	29	2
11/24/2018 4:00	80	22	21	24	3
12/29/2018 4:00	115	53	11	35	3
1/30/2019 4:00	204	45	35	23	5
2/27/2019 4:00	34	30	22	44	6
3/29/2019 3:00	30	21	26	25	9
4/26/2019 3:00	23	10	12	15	7
5/31/2019 3:00	208	20	14	8	2
6/28/2019 3:00	138	7	5	18	4

Keyspan Gas East Company
The Brooklyn Union Gas Company
d/b/a National Grid
Case 19-G-0309/0310
Attachment 2 to DPS-755

The Brooklyn Union Gas Company d/b/a National Grid NY
What is the average time it takes for an initiative to move from IL0-IL5?

Implementation level	Days
IL0 to IL1	17
IL1 to IL2	39
IL2 to IL3	31
IL3 to IL4	26
IL4 to IL5	31

Keyspan Gas East Company
The Brooklyn Union Gas Company
d/b/a National Grid
Case 19-G-0309/0310
Attachment 3 to DPS-755
Page 1 of 1

The Brooklyn Union Gas Company d/b/a National Grid NY
Estimated savings for IL5 initiatives when they were at each IL 1-4 by Op Co

	Planned Annualized Impact (IL1 & IL2)			Planned	Forecast FY21 (IL3 & IL4)			
Initiative	Other	KEDLI	KEDNY	Annualized	Other	KEDLI	KEDNY	Total Forecast FY21
796	$ 56	$ 6	$ 10	$ 72	$ 58	$ 6	$ 10	$ 75
811	$ 91	$ 12	$ 17	$ 120	$ 85	$ 12	$ 15	$ 112
2125	$ 1,659	$ 714	$ 1,239	$ 3,612	$ 1,089	$ 470	$ 816	$ 2,375
2145	$ 2,855	$ 769	$ 1,176	$ 4,800	$ 2,379	$ 641	$ 980	$ 4,000
4049	$ -	$ 310	$ 452	$ 762	$ -	$ 720	$ 1,080	$ 1,800
4182	$ 446	$ 58	$ 86	$ 590	$ 372	$ 48	$ 72	$ 492
13757	$ 1,464	$ 160	$ 256	$ 1,879	$ 1,220	$ 133	$ 213	$ 1,566
13781	$ 264	$ 32	$ 52	$ 348	$ 220	$ 27	$ 43	$ 290
14989	$ 1,775	$ 198	$ 428	$ 2,401	$ 1,479	$ 165	$ 356	$ 2,001
14995	$ 92	$ 42	$ 69	$ 204	$ 77	$ 35	$ 58	$ 170
15001	$ 1,055	$ 113	$ 182	$ 1,350	$ 879	$ 94	$ 151	$ 1,125
15007	$ 565	$ 69	$ 111	$ 746	$ 471	$ 58	$ 93	$ 622
15010	$ 400	$ 18	$ 29	$ 448	$ 125	$ 15	$ 24	$ 164
15691	$ 429	$ 53	$ 84	$ 566	$ 356	$ 43	$ 70	$ 469
16998	$ 2,850	$ 306	$ 445	$ 3,601	$ 2,375	$ 255	$ 371	$ 3,001
Grand Total	**$ 14,002**	**$ 2,862**	**$ 4,635**	**$ 21,499**	**$ 11,185**	**$ 2,723**	**$ 4,352**	**$ 18,260**

Date of Request: July 1, 2019 | Request No. DPS-758
Due Date: July 11, 2019 | NG Request No. NG-987

KEYSPAN GAS EAST CORPORATION d/b/a NATIONAL GRID
THE BROOKLYN UNION GAS COMPANY d/b/a NATIONAL GRID NY
Case Nos. 19-G-0309 & 19-G-0310
Gas Utilities Rates

Request for Information

FROM: DPS Staff, Sarah E. Keymel

TO: National Grid, Revenue Requirements Panel (KEDNY & KEDLI)

SUBJECT: Savings

Request:

Note: In all interrogatories, all requests for workpapers or supporting calculations shall be construed as requesting any Word, Excel or other computer spreadsheet models in original electronic format with all formulae intact and unlocked.

1. Referring to the Companies' Exhibit__(RRP-11), Workpapers to Exhibit___(RRP-3), Schedule 34, Workpaper 2, provide the summary pages for the implementation level 3 initiatives, in a format similar to the exhibit referred to above.

2. Provide the detailed implementation plans for each of the top ten level 3 initiatives as determined by the largest estimated savings to KEDNY and KEDLI.

Response:

1. Please see Attachment 1 for summary pages for the initiatives in implementation level ("IL") 3 for KEDNY and KEDLI as presented in Companies' Exhibit__(RRP-11), Workpapers to Exhibit___(RRP-3), Schedule 34, Workpaper 2.

2. Please see Attachment 2 for summary milestones for each of the top ten IL 3 initiatives based on OPEX savings as determined by the largest estimated savings to KEDNY and KEDLI. The Company only requires a summary milestone of the plans as WAVE is not a project management tool, but a benefit tracking tool, as discussed below.

Please note that prior to January 31, 2019 milestones were suggested, but not required. New governance was put in place effective February 1, 2019 and the following fields are now required elements for entering the milestones.

- Milestone Name

- Milestone Owner
- Description of milestone
- Dependency (may be own workstream)
- Planned Start Date
- Planned End Date

Because WAVE is not a project management tool, every step in a project plan cannot be entered. Initiative owners are therefore instructed to enter 5 to 10 milestones, including the milestone that will have the primary impact on delivering the planned benefits. While it is possible to have fewer than five milestones, such an occurrence is rare.

<u>Name of Respondent:</u>
Stanley Blazewicz

<u>Date of Reply:</u>
July 17, 2019

Milestone #	Initiative #	Name	Description and purpose	Milestone owner	Expected start date	Planned end date	Milestone completion end date	Planning summary
3467	50	System Integration Testing	Verizon working to complete SIT to hand off to NG IS for Assurance Testing	Matt Dorsey	6/1/2018		7/27/2018	Completed
3469	50	Assurance Testing	Reliant on completion of System Integration Testing by Verizon	Matt Dorsey	7/30/2018		8/10/2018	Completed
3471	50	User Acceptance Testing	UAT to be completed at each Contact Center	Matt Dorsey	8/13/2018	3/1/2019	3/1/2019	Completed
3474	50	UAT Training	Training on AIMS applications to be completed by Verizon. Training on JIRA bug tracking tool to be completed by NG.	Matt Dorsey	8/6/2018		8/10/2018	Completed
3476	50	Northboro Contact Center Deployment	Northboro Electric (CSS) IVR Cutover scheduled for 9PM on April 29th. Go-Live to being 7AM on April 30th Massachusetts Gas (CRIS) IVR Cutover scheduled for 9PM on May 1st. Go-Live to being 7AM on May 2nd	Matt Dorsey	4/29/2019	5/2/2019	5/2/2019	Late
3477	50	Workforce Management Training	Calabrio WFM/QM Admin Training Complete. Advanced CUIC and Data Explorer training to be completed week of 3/4/19	Matt Dorsey	2/12/2019	3/8/2019	3/8/2019	Late
3478	50	Northboro Training	Agent/Supvr, Desktop, Reporting, Icportal & QM - 10/15-10/26 WFM Supervisor - 11/6 & 11/7 Calabrio QM Admin Training - 10/23	Matt Dorsey	10/15/2018		11/7/2018	Completed
3479	50	Metrotech Training	Agent/Supvr, Desktop, Reporting, Icportal & QM - 11/5-11/16 WFM Supervisor - 11/13 & 11/14 Advanced Reporting (301) - 11/13 Advanced Reporting (401) - 11/14	Matt Dorsey	11/5/2018		11/16/2018	Completed
3481	50	Syracuse Training	Agent/Supvr, Desktop, Reporting, Icportal & QM - 10/15-10/26 WFM Supervisor - 11/27-11/28 icList - 11/28 (Metrotech)	Matt Dorsey	11/5/2018		11/28/2018	Completed
3484	50	Northboro Contact Center Deployment	Includes Contact Center and Business Services DUPLICATE	Matt Dorsey	9/17/2018		9/21/2018	Cancelled
3486	50	Metrotech Contact Center Deployment	Long Island IVR Cutover scheduled for 9PM on April 8th. Go-Live to being 7AM on April 9th. New York City IVR Cutover scheduled for 9PM on April 10th. Go-Live to being 7AM on April 11th	Matt Dorsey	4/8/2019	4/11/2019	4/11/2019	Late
3487	50	Syracuse Contact Center Deployment	IVR Cutover scheduled for 10PM on March 18th. Go-Live to being 7AM on March 19th	Matt Dorsey	3/18/2019	3/19/2019	3/19/2019	Late
24547	50	Business Services Deployment	IVR Cutover scheduled for 7PM on March 7th. Go-Live to being 7AM on March 8th	Matt Dorsey	3/6/2019	3/7/2019	3/7/2019	Late
24673	953	Content Migration	Phase 1 Content Migration	Courtney Acker	2/1/2019	3/1/2019	3/1/2019	Completed
24674	953	Content Web Development Sprints	Complete content web development	Courtney Acker	2/1/2019	3/5/2019	3/12/2019	Completed
24675	953	Content Web UAT	User acceptance testing for Content Web	Courtney Acker	3/26/2019	5/31/2019		Late to start
24676	953	TRX Web Design	Web design for the CRIS transaction site	Courtney Acker	1/22/2019	8/16/2019		Not planned
24677	953	TRX Development & Testing	Development of the new CRIS transaction portal	Courtney Acker	1/1/2019	11/12/2019		Not planned
24678	953	TRX UAT	User acceptance testing for the new CRIS transaction portal	Courtney Acker	11/12/2019	1/31/2020		Not planned
24679	953	TRX Launch	Move the new CRIS transaction portal to production and decommission the Siebel site	Courtney Acker	2/6/2020	2/6/2020		Not planned
24680	953	Content Web Launch	Move the new content web design to production	Courtney Acker	6/8/2019	6/8/2019		Late to start
5573	1137	Data Collection	Data collection / Validation (Preventive Maintenance, Customer requests) – Template creation	Patrick McCrann	9/1/2018		12/31/18	Late
5574	1137	Specifications , Define scope of work	Specifications , Define scope of work - required assistance with a solid well defines specification / scope - third party	Patrick McCrann	10/31/2018		1/31/19	Late
5576	1137	RFP – Guidance in the writing , strategy going to market	RFP – Guidance in the writing , strategy going to market –by 2/28	Patrick McCrann	11/28/2018		2/28/19	Late
5577	1137	Evaluation process	Evaluation process – by 5/29/2019 - Evaluate the RFP responses	Patrick McCrann	2/28/2019		6/29/19	Late
5578	1137	Labor plan (internal labor)	Labor plan (internal labor) 10/30/2019	Patrick McCrann	9/3/2019		11/30/18	Late
5579	1137	Implementation – 1/1/2019	Implementation – 1/1/2020	Patrick McCrann	11/29/2019		1/1/20	Not started
15450	3600	Stop contractor spend on data scrub	Perform work in house and end contractor spend on data scrub work prior to rate case filings. Current spend of $750k p.a. for contractors to perform work as we did not previously have the capacity among Controllership FTEs. Plan going forward is to perform work using National Grid FTEs (no additional hiring) as a result of rebalancing work within Controllership and freeing up capacity.	Sean McCabe	4/1/2019	3/31/2020		Not planned
15451	3600	End contractor spend on leasing project	End contractor spend in support of leasing project. Spend is $500k p.a. and efficieincies realized throughout Controllership enable enduring work to be performed in house	Enzo Ciccia	4/1/2019	3/31/2021		Not planned
15452	3600	Stop contractor spend on ULT	Current ULT process is reliant on support of contractors, costing $650k p.a. Plan in place to reduce need, bringing work inhouse and reducing manual effort involved in testing.	Sean McCabe	4/1/2019	3/31/2021		Not planned
15453	3600	Complete Project Zero (eliminate mapping files)	Controllership team eliminating manual financial reporting mapping files, that involve the recording in Microsoft Excel of thousands of lines of data, ultimately feeding financial statements. Level of effort for manual entry and subsequent checks equates to 6 FTEs. Roles are analyzed within overall	Peter Wanner	11/1/2018	3/31/2020		Not planned

KeySpan Gas East Corporation
The Brooklyn Union Gas Company
d/b/a National Grid
Case 19-G-0309/0310
Attachment 2 to DPS-758

Milestone #	Initiative #	Name	Description and purpose	Milestone owner	Expected start date	Planned end date	Milestone completion end date	Planning summary
13591	3705	Charter and Strategy Development		Michael Guerin	8/1/2018	1/1/2019	1/1/19	Late
13592	3705	Markety Assessment & Program Developme	begin search- evaluate uses- develop office program- evaluate parallel ops center evaluation	Michael Guerin	10/16/2018	2/1/2019	2/1/19	Late
13593	3705	Space Criteria & Site Evaluation		Michael Guerin	2/1/2019	5/1/2019	5/1/19	Late
13594	3705	Negotiation Strategy & Execution	lease execution complete	Michael Guerin	5/1/2019	7/1/2019	7/1/19	Late
13595	3705	detail planning and construction development	programming and pre-construction activity	Michael Guerin	7/1/2019	3/31/2020		Late to start
13596	3705	Construction Related Activities	PM and CM own this task via 3rd party	Michael Guerin	5/1/2020	12/31/2020	12/31/20	Not started
24721	14707	Pilot success in Albany	Pilot was a success in Albany with 75% appointments made to work plan	ristopher Shelans	1/8/2019	2/1/2019	2/1/19	Completed
24592	14712	Op Model effective date	Update actual data pending departures.	Catherine Wisnic	4/1/2019	4/6/2019		Late to start
17196	15403	Paving Program - Strategy & Administration of Paving Orders	The initiative seeks to review the administration of paving and restoration strategy to see if opportunities exist to reduce this co	Michael Goodma	3/5/2019	8/29/2020		Late to start
26999	16176	Strategy and Regulation Efficiencies	Strategy and Regulation efficiencies	N/A	N/A	N/A		Not Started
24724	17509	Project Kickoff Meeting	Bring the team together; review project charter and business case, and team member roles and expectations.	Polina Adelson	3/19/2019	3/19/2019	N/A	Started

Date of Request: July 1, 2019 | Request No. DPS-762
Due Date: July 11, 2019 | NG Request No. NG-991

KEYSPAN GAS EAST CORPORATION d/b/a NATIONAL GRID
THE BROOKLYN UNION GAS COMPANY d/b/a NATIONAL GRID NY
Case Nos. 19-G-0309 & 19-G-0310
Gas Utilities Rates

Request for Information

FROM: DPS Staff, Luke Quackenbush

TO: National Grid, Gas Infrastructure and Operations Panel (KEDNY & KEDLI)

SUBJECT: Service Company Rent Expense

Request:

Note: In all interrogatories, all requests for workpapers or supporting calculations shall be construed as requesting any Word, Excel or other computer spreadsheet models in original electronic format with all formulae intact and unlocked.

The following questions reference Exhibit___(GIOP-6), Schedule 2, p. 9:

1. Under the 'Brief Description' of the Hicksville Office Relocation, the Companies state 'target completion in 2020.' Provide the date at which the Hicksville office relocation program will be complete.

2. Provide the Property Strategy plan documents the Companies use, including but not limited, to the Hicksville Office Relocation.

3. Provide the dollar amount of savings associated with the relocation program, and where it is reflected in the Companies' proposal.

4. Provide the anticipated start date for the new Long Island office location and explain where in the filing the new Long Island office location is accounted for in the Rate Year. If not accounted for in the Rate Year, explain why not.

5. Are any costs associated with the Hicksville office being incurred during the same time period as any Long Island office costs? If so, explain why?

Response:

1. The new Long Island Office lease (Hicksville Office Relocation) is targeted to commence August 2020 with a targeted move in date for the end of March of 2021.

2. Attachment 1 is the Long Island Property Investment Plan.

3. Attachment 2 reflects the forecast savings related to the Hicksville Office Relocation. The Hicksville Office Relocation is currently reflected in the Implementation Level (IL3) "Planned" phase of National Grid's Accelerate Program because any potential savings are not expected to accrue until FY23 (Data Year 2) and FY24 (Data Year 3) and the Companies' ability to achieve those savings is somewhat uncertain given the complexity of the project. Notwithstanding, for purposes of the revenue requirement presented in these rate filings, the Companies reflected savings associated with fully transitioning from the Hicksville Office to the new Long Island office. Specifically, as shown in Attachment 2, KEDLI's revenue requirement includes savings of $1.871 million and $1.883 million in Data Years 2 and 3. KEDNY's revenue requirement includes savings of $2.863 million and $2.865 million in Data Years 2 and 3 (inclusive of the new Long Island Office capital investment). While these savings have been reflected in the revenue requirement, the Companies are assuming the risk they will be able to fully transition from the current Hicksville Office to the new office and that they will no longer incur costs associated with the Hicksville Office by the end of FY22.

4. The anticipated start date for the new Long Island office location is the end of March 2021. The Long Island office location costs are accounted for in FY21, within Exhibit___RRP-11, Workpapers to Exhibit___RRP-3, Schedule 9, Workpaper 4 (Long Island Office (Hicksville)).

5. Yes, the Company will incur costs related to both Hicksville and the new Long Island office during FY21 and FY22 to allow for a period to transition fully from the existing Hicksville office and operations buildings. All of the existing Hicksville site costs were removed from the Service Company rent model beginning in FY23 (DY2) in the Corrections & Updates filing. This update can be found within Exhibit___RRP-11CU, Workpapers to Exhibit___RRP-3CU, Schedule 9, Workpapers 10 and 13.

Name of Respondent:	Date of Reply:
Christophe Chirol	July 11, 2019

Date of Request: July 10, 2019 | Request No. DPS-806
Due Date: July 22, 2019 | NG Request No. NG-1090

KEYSPAN GAS EAST CORPORATION d/b/a NATIONAL GRID
THE BROOKLYN UNION GAS COMPANY d/b/a NATIONAL GRID NY
Case Nos. 19-G-0309 & 19-G-0310
Gas Utilities Rates

Request for Information

FROM: DPS Staff, John Castano and Sarah E. Keymel

TO: National Grid, Revenue Requirements Panel (KEDNY)

SUBJECT: Consultants

Request:

Note: In all interrogatories, all requests for workpapers or supporting calculations shall be construed as requesting any Word, Excel or other computer spreadsheet models in original electronic format with all formulae intact and unlocked.

Refer to the "Detail Cost Tracing" tab in the KEDNY's Excel workpaper RRP-11, Workpapers to RRP-3, Schedule 1, WP1 and the Company's response to IR DPS-450 for the following question:

The Company is including $1.654 million of costs for AlixPartners LLP:

1. Provide copies of all the invoices that make up the $1.654 million.

2. Provide a detailed explanation as to why these charges were incurred.

3. Provide a copy of the purchase order that supports and identifies the work being performed.

4. Explain why there were no charges for this vendor in 2016 and 2017.

5. Explain whether or not this charge will recur during the Rate Year.

Response:

1. See Attachments 1 – 13 for the invoices that comprise the $1.654 million in question and Attachment 14 for the accounting applied. Confidential banking information has been redacted as it has not been requested.

2. Alix Partners LLP ("Alix") was contracted to conduct an IT Spend analysis aimed at identifying potential cost reduction opportunities and to assist with contract negotiations to

attempt to achieve said reductions. Alix also supported IT network contract extension negotiations.

3. See Attachment 15 for a copy of the Purchase Order associated with Alix.

4. The engagement of Alix commenced in 2018. Therefore, there were no charges associated with this vendor in prior years.

5. The Company outsources many IT services to external consultants. The use of consultants to provide expertise aimed at ensuring the efficient delivery of the IT portfolio and assisting with contract negotiations will continue and is a reasonable and prudent activity of any major company with a significant IT portfolio.

Name of Respondent:	Date of Reply:
Peter Ferranto	July 22, 2019

Date of Request: August 27, 2019 | Request No. DPS-833 Supplemental
Due Date: August 30, 2019 | NG Request No. NG-1117 Supplemental

KEYSPAN GAS EAST CORPORATION d/b/a NATIONAL GRID
THE BROOKLYN UNION GAS COMPANY d/b/a NATIONAL GRID NY
Case Nos. 19-G-0309 & 19-G-0310
Gas Utilities Rates

Request for Information

FROM: DPS Staff, Hina M. Thalho

TO: National Grid, Revenue Requirements Panel

SUBJECT: Other Expenses - KEDLI

Request:

Note: In all interrogatories, all requests for workpapers or supporting calculations shall be construed as requesting any Word, Excel or other computer spreadsheet models in original electronic format with all formulae intact and unlocked.

Referring to the MS Excel file, "Exhibit___(RRP-11), Workpapers to Exhibit___(RRP-3), Schedule 7, WP 1" and the Companies' response to Staff's Information Request DPS-576, attachments, "Attachment 1 to DPS-576" and "Attachment 2 to DPS-576," the KEDLI included $4,315,819 in CY 2018, $0 in CYs 2017 and 2016 for a Vendor, "PSEG LONG ISLAND LLC".

1. Explain where KEDLI included the cost for the vendor "PSEG LONG ISLAND LLC" in CYs 2016 and 2017.?

2. Explain why KEDLI included the cost associate with the vendor, PSEG LONG ISLAND LLC, in Other Expenses?

3. Provide a schedule identifying all expense cost elements associated with the vendor, PSEG LONG ISLAND LLC, for the Historic Test Year, and Rate Year. Identify where in the Companies' filing, exhibits, and workpapers, where these costs are located, and provide any supporting documentation or source documents not included in the filing.

4. Provide copies of the invoices below for the Vendor, PSEG LONG ISLAND LLC.

No.	Reference Document - Key	OPEX - Amount
1	1900012924	2,154,843
2	1900012920	685,747
3	1900012922	406,164
4	1900020214	172,221
5	1900020218	168,320
6	1900020217	141,069
7	1900020228	81,602
8	1900020268	78,234
9	1900020271	61,303

Response:

1. The Company's response to DPS-833 indicated that a normalization adjustment was not required related to payments to PSEG for electric service used by National Grid at certain facilities on Long Island. Upon further analysis the Company has determined that a normalization adjustment is warranted. Attachment 1 provides a list of charges to Other Expense related to payments for the Holtsville, Long Island facility made by the Company in March of 2018 and August of 2018, in part associated with the settlement between PSEG and the Company. Payments totaling $4.455 million were made in March of 2018 ($1.198 million under vender name PSEG Long Island) and in August of 2018 ($3.256 million under vender name PSEG LLC) for electric utility services used between January 2014 and July 2018 at the Holtsville facility. As presented in Attachment 1 (along with supporting PSEG billing details), $1.219 million of these payments were for electric utility charges incurred in calendar year 2018, and an additional $2.147 million of the payments were removed from expenses by manual journal entry in August of 2018. The balance of the total payments, equal to $1.088 million, represents prior period expenses that should be normalized from the Company's Historic Test Year. The result of applying this normalization adjustment is a reduction in expense of $1.131 million in the Rate Year, $1.155 million in Data Year 1, $1.178 million in Data Year 2, and $1.201 million in Data Year 3.

Name of Respondent:
John O'Shaughnessy
Mark Stiner

Date of Reply:
August 30, 2019

KeySpan Gas East Corporation d/b/a National Grid
Case 19-G-0310
DPS-833 Supplemental
Cost Element Other Expense (G/L Account C6604000)
Holtsville PSEG Reconciliation

Balance Due PSEG

Total PSEG Accounts Account Activity 1/1/2014 - 7/31/2018	$	5,060,492
Less Late Payment Charges (Settlement agreement)	$	(575,987)
Net Balance Due PSEG as of July 2018	$	4,484,505

Payment to PSEG

	Document Number	Amount	CY2018 Portion	Prior Year	Fiscal Year / Period - Key
March 2018 Payment (PSEG LI)					
	1900028301	318,090.53			NG/012/2018
	1900028300	34,922.65			NG/012/2018
	1900028299	437.57			NG/012/2018
	1900028298	212,822.72			NG/012/2018
	1900028297	632,368.46			NG/012/2018
	1900028295	197.10			NG/012/2018
	Sub-total	$ 1,198,839	$ 234,446	$ 964,393	
August Settlement Payment (PSEG LLC)					
	1900012918	$ 397			NG/005/2019
	1900012919	$ 8,776			NG/005/2019
	1900012920	$ 685,747			NG/005/2019
	1900012922	$ 406,164			NG/005/2019
	1900012924	$ 2,154,843			NG/005/2019
	1900012925	$ 496			NG/005/2019
	Sub-total	$ 3,256,423	$ 984,844	$ 2,271,579	
	Grand Total	$ 4,455,262	$ 1,219,290	$ 3,235,972	
	Net Unpaid Balance	$ 29,243			
August Payment Reversal by JE	400005144			$ 2,147,678	NG/005/2019
Balance to Normalize from HTY				$ 1,088,294	
			Rate Year 1	$ 1,131,358	
			Data Year 1	$ 1,155,037	
			Data Year 2	$ 1,178,570	
			Data Year 3	$ 1,201,526	

Inflation Rates	**C&U Filing**
HTY to RY	3.9570%
DY1	2.0929%
DY2	2.0374%
DY3	1.9478%

Date of Request: July 12, 2019 Request No. DPS-869
Due Date: July 22, 2019 NG Request No. NG-1169

KEYSPAN GAS EAST CORPORATION d/b/a NATIONAL GRID
THE BROOKLYN UNION GAS COMPANY d/b/a NATIONAL GRID NY
Case Nos. 19-G-0309 & 19-G-0310
Gas Utilities Rates

Request for Information

FROM: DPS Staff, John Castano

TO: National Grid, Revenue Requirements Panel (KEDNY)

SUBJECT: Contractors Expense

Request:

Note: In all interrogatories, all requests for workpapers or supporting calculations shall be construed as requesting any Word, Excel or other computer spreadsheet models in original electronic format with all formulae intact and unlocked.

In the Companies' response to IR DPS-236, Supplemental Response, KEDNY states that the LL30 forecast of $17M, has been updated, which lowers the Rate Year expense to $11M. KEDNY also stated that the updated forecast would be reflected in the Company's Correction and Updates filing.

1. Identify where in the Corrections and Updates filing the updated LL30 forecast has been reflected.
2. If the updated LL30 forecast was not included in the Corrections and Updates filing, identify where the adjustment should have been made, and provide all supporting workpapers, and calculations.

Response:

1. The Company inadvertently did not reflect the updated LL30 forecast in the Corrections and Updates filing.

2. See Attachment 1 for an analysis of LL30 expense indicating that the Rate Year amount in the Company's Corrections and Updates filing is $16.642 million based on the original LL30 forecast. Using the updated LL30 forecast, the Rate Year LL30 expense would be $10.264 million. As such, the expense amount in the Company's Corrections and Updates filing should be lower by $6.378 million. As presented in Attachment 1, this adjustment is made

up of an amount related to paving equal to $1.177 million and an amount related to general contractors equal to $5.201 million.

The Brooklyn Union Gas Company d/b/a National Grid NY
Cases 19-G-0309
Local Law 30 Expense Reconciliation

Net Impact to C&U for Change in LL30 Forecast

	RY1	DY1	DY2	DY3
Change to C&U Filing				
Total LL30 in C&U Filing	16,642.1	403.1	411.4	419.4
Updated LL30 Forecast	10,263.6	-	-	-
Variance - Adjustment Needed	(6,378.5)	(403.1)	(411.4)	(419.4)
Adjustment By Cost Type				
General Contractors	(5,201.3)	10.0	9.1	8.8
Paving	(1,177.1)	(413.1)	(420.5)	(428.2)
	(6,378.5)	(403.1)	(411.4)	(419.4)

Original Filing - Reconcile LL30 Expense

	HTY	RY1	DY1	DY2	DY3
Contactors Exhibit LL30					
G/L Amount	63,902,854	67,014,924	68,379,038	69,739,407	71,081,687
Reclass (pg 5)	-	-	-	-	-
Normalization (pg 5)		(47,602,783)	(48,571,755)	(49,538,068)	(50,491,531)
Normalization (pg 5)			(16,300,071)	(16,624,353)	(16,944,324)
Total LL30		19,412,141	3,507,211	3,576,986	3,645,832
LL30 Forecast		16,300,071	-	-	-
Difference		3,112,070	3,507,211	3,576,986	3,645,832

C&U - Reconcile LL30 Expense (Original LL30 Forecast)

	HTY	RY1	DY1	DY2	DY3
Contactors Exhibit LL30					
G/L Amount	57,301,679	59,569,108	60,815,851	62,054,918	63,263,609
Reclass (pg 5)	(2,042,180)	(2,141,634)	(2,185,228)	(2,228,702)	(2,271,598)
Normalization (pg 5)	(41,700,662)	(43,350,759)	(44,258,062)	(45,159,779)	(46,039,391)
Normalization (pg 5)			*(14,382,540)*	(14,675,571)	(14,961,418)
Total LL30		14,076,715	(9,979)	(9,134)	(8,798)
LL30 Forecast		14,095,360	-	-	-
Difference		(18,645)	(9,979)	(9,134)	(8,798)
Paving Exhibit LL30					
G/L Amount	6,601,175	6,862,384	7,006,009	7,148,750	7,287,992
Reclass (pg 5)	2,042,180	2,141,634	2,185,228	2,228,702	2,271,598
Normalization (pg 5)		*(6,438,644)*	(6,573,401)	(6,707,328)	(6,837,972)
Normalization (pg 5)			*(2,204,711)*	(2,249,630)	(2,293,447)
Total C&U LL30		2,565,374	413,125	420,494	428,171
LL30 Forecast		2,204,711	-	-	-
Difference		360,663	413,125	420,494	428,171
Total LL30					
G/L Amount	63,902,854	66,431,492	67,821,861	69,203,668	70,551,601
Reclass (pg 5)		-	-	-	-
Normalization (pg 5)		(49,789,403)	(67,418,715)	(68,792,308)	(70,132,228)
Total LL30		16,642,089	403,146	411,360	419,372
LL30 Forecast		16,300,071	-	-	-
Difference		342,018	403,146	411,360	419,372

C&U Corrected - Reconcile LL30 Expense (Updated LL30 Forecast)

	HTY	RY1	DY1	DY2	DY3
Contactors Exhibit LL30					
G/L Amount	57,301,679	59,569,108	60,815,851	62,054,918	63,263,609
Reclass (pg 5)	(2,042,180)	(2,122,989)	(2,167,422)	(2,211,581)	(2,254,657)
Normalization (pg 5)	(46,721,939)	(48,570,728)	(49,587,282)	(50,597,577)	(51,583,104)
Normalization (pg 5)			(9,061,148)	(9,245,760)	(9,425,847)
Total LL30		8,875,392	-	-	-
LL30 Forecast		8,875,392	-	-	-
Difference		-	-	-	-
Paving Exhibit LL30					
G/L Amount	6,601,175	6,862,384	7,006,009	7,148,750	7,287,992
Reclass (pg 5)	2,042,180	2,122,989	2,167,422	2,211,581	2,254,657
Normalization (pg 5)	(7,307,962)	(7,597,138)	(7,756,141)	(7,914,166)	(8,068,316)
Normalization (pg 5)			(1,417,290)	(1,446,166)	(1,474,334)
Total C&U LL30		1,388,235	-	-	-
LL30 Forecast		1,388,235	-	-	-
Difference		-	-	-	-
Total LL30					
G/L Amount	63,902,854	66,431,492	67,821,861	69,203,668	70,551,601
Reclass (pg 5)		-	-	-	-
Normalization (pg 5)		(56,167,866)	(67,821,861)	(69,203,668)	(70,551,601)
Total LL30		10,263,626	-	-	-
C&U Filling LL30		16,642,089	403,146	411,360	419,372
Correction (C&U Difference)		***(6,378,463)***	***(403,146)***	***(411,360)***	***(419,372)***

Original Filing - Reconcile LL30 Expense

Calculation of HTY Normalization Adjustment

	HTY	FY2021 Forecast	HTY Normalization
Total LL30 Incremental / Non-incremental			
Contractors & Other	63,902,854	16,300,071	47,602,783
Labor & Transportation	2,744,003	699,929	-
Total	66,646,858	17,000,000	47,602,783
Split Incremental to Paving/Non-paving			
Paving	8,643,355	2,204,711	6,438,644
Non-Paving	55,259,499	14,095,360	41,164,139
	63,902,854	16,300,071	47,602,783

C&U - Reconcile LL30 Expense (Original LL30 Forecast)

Calculation of HTY Normalization Adjustment

	HTY	FY2021 Forecast in HTY dollars	HTY Normalization	FY2021 Forecast
Total LL30 Incremental / Non-incremental				
Contractors & Other	63,902,854	15,679,628	48,223,226	16,300,071
Labor & Transportation	2,744,003	673,287		699,929
Total	66,646,858	16,352,915	48,223,226	17,000,000
Split Incremental to Paving/Non-paving				
Paving	8,643,355	2,120,791	6,522,564	2,204,711
Non-Paving	55,259,499	13,558,837	41,700,662	14,095,360
	63,902,854	15,679,628	48,223,226	16,300,071
			6,780,662	342,018

C&U Corrected - Reconcile LL30 Expense (Updated LL30 Forecast)

Calculation of HTY Normalization Adjustment

	HTY	FY2021 Forecast in HTY dollars	HTY Normalization	FY2021 Forecast
Total LL30 Incremental / Non-incremental				
Contractors & Other	63,902,854	9,872,953	54,029,901	10,263,626
Labor & Transportation	2,744,003	423,947		440,723
Total	66,646,858	10,296,900	54,029,901	10,704,349
Split Incremental to Paving/Non-paving				
Paving	8,643,355	1,335,393	7,307,962	1,388,235
Non-Paving	55,259,499	8,537,560	46,721,939	8,875,392
	63,902,854	9,872,953	54,029,901	10,263,626

Notes

Inflation Rates	Orig Filing	C&U Filing	
HTY to RY	4.8700%	3.9570%	-0.9130%
DY1	2.0355%	2.0929%	0.0574%
DY2	1.9895%	2.0374%	0.0480%
DY3	1.9247%	1.9478%	0.0231%

Basis for Adjustments on Contractors C&U Summary page

	HTY	RY1	DY1
Original Filing			
HTY Spend	63,902,854	67,014,924	68,379,038
		(47,602,783)	(48,571,755)
			(16,300,071)
Total LL30 Orig Filing	63,902,854	19,412,141	3,507,211
Corrections & Updates			
HTY Spend	63,902,854	66,431,492	67,821,861
Non-paving adj	(41,700,662)	(43,350,759)	(44,258,062)
Paving Normalization	(6,522,564)	(6,780,662)	(6,922,577)
Paving Normalization			(2,250,854)
Non-paving adj			(14,382,540)
Total LL30 C&U Filing	15,679,628	16,300,071	7,827
Difference from Orig		(3,112,070)	(3,499,384)

Date of Request: July 15, 2019 Request No. DPS-877
Due Date: July 25, 2019 NG Request No. NG-1177

KEYSPAN GAS EAST CORPORATION d/b/a NATIONAL GRID
THE BROOKLYN UNION GAS COMPANY d/b/a NATIONAL GRID NY
Case Nos. 19-G-0309 & 19-G-0310
Gas Utilities Rates

Request for Information

FROM: DPS Staff, Sarah E. Keymel

TO: National Grid, Revenue Requirements Panel (KEDNY & KEDLI)

SUBJECT: Other Initiatives - FTEs

Request:

Note: In all interrogatories, all requests for workpapers or supporting calculations shall be construed as requesting any Word, Excel or other computer spreadsheet models in original electronic format with all formulae intact and unlocked.

Referring to the Companies' response to IR DPS-393, question 3, the Companies stated that calculating the overhead rates based on the Rate Year labor and benefits is a more reasonable forecast and that the Companies would make this update in their Corrections and Updates filings.

Explain why the amounts used to calculate the overhead rates in the Companies' Corrections and Updates filing do not tie to the Rate Year figures.

Response:

The overhead (OH) rates used to calculate OH burdens on incremental FTEs in Exhibit (RRP-3CU), Schedule 27 Other Initiatives, in the Company's Corrections and Updates (C&U) filing were applied before all updates were made to the associated Rate Year benefits amounts that are the basis for those OH rates (i.e. the update to inflation rates was not reflected in the OH rates). OH rates based on the final Rate Year benefits amounts in the Company's C&U filing would result in reductions to incremental FTE expense of $0.173 million for KEDNY and $0.140 million for KEDLI.

Name of Respondent: Date of Reply:
Mark Stiner July 23, 2019

Date of Request: July 19, 2019 Request No. DPS-916
Due Date: July 29, 2019 NG Request No. NG-1228

KEYSPAN GAS EAST CORPORATION d/b/a NATIONAL GRID
THE BROOKLYN UNION GAS COMPANY d/b/a NATIONAL GRID NY
Case Nos. 19-G-0309 & 19-G-0310
Gas Utilities Rates

Request for Information

FROM: DPS Staff, Sarah E. Keymel

TO: National Grid, Revenue Requirements Panel (KEDNY & KEDLI)

SUBJECT: Savings

Request:

Note: In all interrogatories, all requests for workpapers or supporting calculations shall be construed as requesting any Word, Excel or other computer spreadsheet models in original electronic format with all formulae intact and unlocked.

1. The Companies state in their response to IR DPS-755, Question 1, that the Companies are assuming the risk that they could sustain this level of savings across multiple years, by including these savings in the data year, with inflation. Identify and explain the risks involved.

2. For each initiative listed in the Companies' Corrections and Updates Exhibit__(RPP-11CU), Workpapers to Exhibit__(RRP-3CU), Schedule 34, Workpaper 1, identify whether the savings amount is a one-time savings amount or on-going savings amount.

Response:

1. The Accelerate Program is an aspirational efficiency challenge that ends in FY 2021, the start of the Rate Year in these proceedings. Many factors impact the sustainability of savings beyond the Rate Year such as new mandates or increases in cost that could potentially offset any savings, evolving customer and stakeholder expectations, actions by third-parties, and other similar factors. For instance, Initiatives #2134 Early Payment Discounts and #800 Virtual Card Rebates seek to increase vendor payment options to capture discount opportunities. While there are forecast savings in the Rate Year associated with these initiatives, there is no assurance that vendors will continue discounts in the Data Years, or that the discounts will be as high as they were in the Rate Year.

   Notwithstanding, for purposes of the revenue requirements, the Companies included the savings associated with all IL4 and IL5 savings impacting KEDNY and KEDLI –

including those that are one-time in nature (see the response to question 2 below) – and held these amounts constant (with inflation) across each of the Rate Year and Data Years. This totals more than $125 million and $50 million in savings, respectively, for KEDNY and KEDLI across the proposed rate plan from the Accelerate Program alone. On top of this, the Companies added a productivity adjustment, thereby assuming they could find one percent more in savings in addition to those savings in the Accelerate Program. This is a substantial challenge as the Accelerate Program has challenged the business already in the form of a comprehensive program to find efficiencies across the U.S. The Companies included this aggressive proposal to mitigate the number of issues in the case and to account for unknown savings from initiatives in ILs 0-3 that could move to ILs 4-5 before the start of the Rate Year. For these reasons, the Companies are assuming the risk that the substantial level of savings reflected in the revenue requirements can be sustained across future years once the program ends.

2. Attachment 1 to DPS-774 shows savings that are one-time in nature (on the tab called "One-Time O&M"). As discussed above, regardless if an initiative was one-time in nature, the Companies treated all initiatives the same and assumed, for purposes of the revenue requirements, that savings from initiatives in IL4 and IL5 would be on-going and sustained across the term of the rate plan along with a one percent productivity adjustment.

<u>Name of Respondent:</u>
James Molloy
Stan Blazewicz

<u>Date of Reply:</u>
July 29, 2019

Date of Request: July 23, 2019 Request No. DPS-928
Due Date: August 2, 2019 NG Request No. NG-1244

KEYSPAN GAS EAST CORPORATION d/b/a NATIONAL GRID
THE BROOKLYN UNION GAS COMPANY d/b/a NATIONAL GRID NY
Case Nos. 19-G-0309 & 19-G-0310
Gas Utilities Rates

Request for Information

FROM: DPS Staff, Hina M. Thalho

TO: National Grid, Revenue Requirements Panel

SUBJECT: Other Expenses- KEDNY

Request:

Note: In all interrogatories, all requests for workpapers or supporting calculations shall be construed as requesting any Word, Excel or other computer spreadsheet models in original electronic format with all formulae intact and unlocked.

Referring to the Companies' response to IR DPS-768, Attachment, "Attachment 1 to DPS-768" Tab, "ALL (2)," the KEDNY included a list of fines related to the permits show below:

Row Labels	Sum of Fine
Failure To Comply With Terms & Cond. Of Permit	4,261,000
Street Opening Without Permit	3,378,000
Failure To Permanently Restore Cut Within Required Time	2,108,800
Materials/Equipment Storage On Street Without Permit	842,250
Protected Street Opening Without A Permit	469,800
Sidewalk / Street Closing Without A Permit	289,800
No Notice To Dot Before Start Phase Of Work On Protected St	265,500
Installing r/w markings, parking, const, or regulatory signs w/o a	60,000
Doing Non-Emergency With An Emergency Authorization Numb	34,000
Failure To Begin Emergency Work In 2 Hrs After Authorization	23,000

1. Explain why the Company performed the work without permits.

2. Explain why the Company did not follow the Terms and Condition of the Permits.

3. Explain how the Company could reduce or avoid fines through its due diligence or other procedures? If KEDNY asserts that the fines cannot be avoided or reduced explain why.

4. Explain why ratepayers should bear the cost of fines for permit violations.

5. Does the Company believe that the Company will incur similar fines (type and amount) in the Rate Year? If yes, explain why. If no, explain why.

Response:

1, 2 & 4.

To construct, operate, and maintain KEDNY's natural gas distribution system, the Company must regularly excavate in streets and sidewalks in the complex operating environment of the City of New York. For all non-emergency work, the Company secures street opening permits in advance from the NYC Department of Transportation (DOT). The Company electronically submits a permit application, which is reviewed by the NYC DOT, and a permit is issued. The permit indicates, among other items, the area to be excavated and any work restrictions. From time to time, the Company receives violations ("Notice of Violations" or "NOVs") in connection with these street openings. These violations include failure to follow permit conditions, work hour restrictions, working outside of the permit area, and failure to restore the area to the DOT's standards. Many of these violations are the result of unanticipated field conditions (*e.g.*, subsurface facilities, parking conditions, heavy traffic) that necessitate work beyond the scope of the permit, which was applied for before the field work began. For example, the Company may be required to work in a larger area or for a longer period than was contemplated at the time the permit was secured because of the conditions observed when the underground facilities are excavated and exposed, perform work that does not strictly conform to the permit stipulations in these cases, or perform work beyond the permit scope to expedite construction activities to accommodate local parking, traffic flow on critical roadways, or local business needs. Based on these field conditions, the violations may be incurred to enable the Company to complete the job efficiently (*e.g.*, avoid mobilizing crews for multiple workdays), minimize customer disruptions, and ensure the provision of safe and reliable gas service to customers. These activities are performed for the benefit of customers and therefore included in the Company's cost of service, as they have been in the past. If the Company did not perform the required activities in the field, customers may experience increased service outage and construction delays as well as a general increase in the cost of service associated with inefficient remobilization of resources.

3. The Company is focused on reducing the number of violations related to street opening permits and traffic violations. These efforts are described in the Company's response to DPS-859 and in the Company's Roadwork and Traffic Violation Report that was filed with the Commission on April 1, 2019 in Case 16-G-0059.

5. Please see the Company's response to DPS-859. Despite the Company's efforts to reduce the number of violations, there are several factors that are driving costs higher. For example, as discussed in the Company's April 1, 2019 Roadwork and Traffic Violation Report, the NYC DOT changed the manner in which it applies and enforces certain stipulation requirements in CY 2018, and the Company incurred violations while the Company was working to change processes to comply with stipulations. As the Company continues its work to improve overall compliance, NYC DOT may continue to

alter areas of enforcement focus that may require the Company to further adapt its work processes. Additionally, expansion of the Company's construction portfolio will likely increase the potential violations incurred (*i.e.* based on historical trends, an increase in the amount of permitted work is likely to correspond to an increase in the number of violations incurred, despite the Company's efforts to minimize exposure). The Company's work plan will expand in the Rate Year and Data Years. On page 3 of the Roadwork and Traffic Violation Report, KEDNY described a more than 200% increase in the number of street opening permits it obtained from 2014 to 2018. While significant, the report actually understated the number of permits received. Since filing the report in April 2019, updated data shows the final number of 2018 permits was approximately 76,000 (not 66,000 as originally reported). In the calendar year to date, the Company has obtained approximately 54,017 permits already to date in calendar year 2019. Therefore, the Company not only anticipates the number of violations to remain steady in the Rate Year and Data Year, but there is a potential for the number to increase.

<u>Name of Respondent:</u>
Frank Prost
Aaron Choo

<u>Date of Reply:</u>
July 31, 2019

Date of Request: July 23, 2019 Request No. DPS-931
Due Date: August 2, 2019 NG Request No. NG-1247

KEYSPAN GAS EAST CORPORATION d/b/a NATIONAL GRID
THE BROOKLYN UNION GAS COMPANY d/b/a NATIONAL GRID NY
Case Nos. 19-G-0309 & 19-G-0310
Gas Utilities Rates

Request for Information

FROM: DPS Staff, Sarah E. Keymel

TO: National Grid, Revenue Requirements Panel (KEDNY & KEDLI)

SUBJECT: Consultants

Request:

Note: In all interrogatories, all requests for workpapers or supporting calculations shall be construed as requesting any Word, Excel or other computer spreadsheet models in original electronic format with all formulae intact and unlocked.

Referring to the Companies responses to Staff's IR DPS-806 and DPS-807.

1. The Companies hired Alix Partners to conduct an IT Spend analysis aimed at identifying potential cost reduction opportunities and to assist with contract negotiations to attempt to achieve said reductions.
   a. Were any cost reduction opportunities identified? If so, explain in detail each opportunity identified and the potential cost reductions.
   b. For each opportunity identified, state whether the Companies are currently, pursuing or not intending to pursue the opportunity identified. If the Companies decided not to pursue an opportunity, explain why not.
   c. Have the potential cost reduction opportunities been reflected in the Companies' filing? If so, specifically identify where in the Companies' filing these cost reductions are reflected. If no, explain why no cost reduction opportunities have been reflected.

Response:

1a. Yes, the Companies identified annual run rate savings of $12.3M from the Verizon contract re-negotiation and annual run rate savings of $9.8M from the reset of the Application Development and Application Maintenance (ADAM) contracts. Alix Partners also identified several potential cost reduction opportunities in their review of the IT spend analysis, which was provided in the Companies' Response to DPS-930.

1b. The primary focus of the Alix Partners engagement was to assist with the contract negotiations on two major contracts that were set to expire. This scope of work represents $10.7M (86%) of the costs identified in the responses to DPS-806 and DPS-807. A large portion of this fee was also based on the successful achievement of the cost reductions identified above. Additionally, Alix Partners was hired to perform an IT spend analysis to identify potential cost reduction opportunities. The Company has taken several short-term actions based on the report including the hiring of several critical roles and making further modifications to the IT organization structure. Other potential opportunities identified by Alix Partners are generally longer-term initiatives that the Company continues to evaluate. Until the Company determines the viability of the remaining potential opportunities, and whether and how to move forward with any of them, it would be premature to reflect other cost adjustments (reductions or increases) related to these activities within the filing.

1c. Yes, the annual run rate savings noted above were included in Exhibit _ (ITP-8CU), p. 1 of 2, on the Infrastructure & Operation's line. An initial savings amount occurred during the test year, resulting in reductions of $5.5 million, and incremental annual savings of $16.6M are included in the Rate Year and Data Years.

<u>Name of Respondent:</u>	<u>Date of Reply:</u>
John Conley	August 2, 2019
Daniel DeMauro	

Date of Request: July 24, 2019 Request No. DPS-933
Due Date: August 5, 2019 NG Request No. NG-1249

KEYSPAN GAS EAST CORPORATION d/b/a NATIONAL GRID
THE BROOKLYN UNION GAS COMPANY d/b/a NATIONAL GRID NY
Case Nos. 19-G-0309 & 19-G-0310
Gas Utilities Rates

Request for Information

FROM: DPS Staff, Sarah E. Keymel

TO: National Grid, Revenue Requirements Panel (KEDNY & KEDLI)

SUBJECT: Consultants

Request:

Note: In all interrogatories, all requests for workpapers or supporting calculations shall be construed as requesting any Word, Excel or other computer spreadsheet models in original electronic format with all formulae intact and unlocked.

Referring to the Companies responses to Staff's IR DPS-806 and DPS-807.

1. On each invoice provided in Attachments 1 through 13 to DPS-806 and DPS-807, either "Phase 2 Billable Time and Expense", "IS Deep Dive Billable Time and Expense" or "SOW 3 Billable Time and Expense" is stated on the invoice.
   a. Explain what specific work "Phase 2" consists of.
   b. Explain what specific work "IS Deep Dive" consists.
   c. Explain what specific work "SOW 3" consists.

2. Attachment 3 to DPS-806 and DPS-807 contain an invoice dated December 14, 2017. Explain why the Companies are including charges for an invoice dated before the Historic Test Year in the Rate Year.

3. Have the Companies hired a consultant to perform the same analysis Alix Partners performed for the Companies in 2016 or 2017?

Response:

1. Please see the response to DPS-932 which contains the three Statement of Work (SOW) documents describing the work to be performed. Specifically,

   a. Invoices noted with "Phase 2" pertain to SOW #2 which is Attachment 3 to DPS-932.

b. Invoices noted with "IS Deep Dive" pertain to SOW #1 which is Attachment 2 to DPS-932.

c. Invoices noted with "SOW 3" pertain to SOW #3 which is Attachment 4 to DPS-932.

Please note that the responses to DPS-806 and DPS-807 included the invoices only. There is also a reclass entry, included in the filing, for each invoice that cross charges a portion of the costs to the UK Billing Entity.

2. The Companies included this invoice because it relates to the Alix Partners work on the Verizon and ADAM contract negotiations, the savings of which have been reflected in the revenue requirement (see the response to DPS-931). The Alix Partners invoice was received by accounts payable on March 26, 2018; therefore, the Company relied on the March 2018 date.

3. The work performed by Alix Partners on the Verizon and ADAM contract negotiations and the IT Spend Analysis were not previously performed in 2016 and 2017. While the work was unique to this time-period, the use of external consultants to provide expertise on the rapidly changing technology market has been a standard course of business for the IT function over the last several years. Given the size of the IT Portfolio and number of outsourced contracts, the Companies expect that the use of external consultants for similar efforts will continue in the foreseeable future.

Also, please note that the response to DPS-806 and DPS-807 incorrectly stated that the Alix Partners work commenced in 2018. As noted above, this work commenced in 2017.

Name of Respondent:	Date of Reply:
John Conley	August 5, 2019
Daniel DeMauro	

Exhibit __ (RRP-4R)

Staff IR Responses

STAFF OF THE DEPARTMENT OF PUBLIC SERVICE
<u>RESPONSE TO INTERROGATORY/DOCUMENT REQUEST</u>

The Brooklyn Union Gas Company d/b/a National Grid NY
KeySpan Gas East Corporation d/b/a National Grid
Cases 19-G-0309 & 19-G-0310 – Gas Rates

Request No.:	NG-06
Requested By:	KEDNY/KEDLI, Revenue Requirements Panel
Information Requested of:	Staff Accounting Panel
Date of Request:	September 3, 2019
Response Due Date:	September 13, 2019
Date of Response:	September 13, 2019
Name & Position of Respondent:	Hina M Thalho, Senior Auditor
Subject:	Uncollectible Rate - KEDNY

<u>Question</u>:

1. Does Staff agree with the recalculation of KEDNY's uncollectible rate as shown on Attachment 1 using the three-year period June 2016 through May 2019? If not, explain.

<u>Response</u>:

1. Staff agrees with the recalculation of KEDNY's uncollectible rate as shown on MS Excel file "NG-6 RRP-2 Attachment 1 KEDNY Uncollectible Rate Adjusted," which the Companies attached to IR NG-06.

<u>Question</u>:

2. Does Staff agree that their calculation of uncollectible expense as shown on Exhibit___(SAP-2), pages 2 and 4, is based on the Companies Corrections and Updates tariff revenues that include NESE in its sales forecast?

<u>Response</u>:

2. Yes. Staff calculated its calculation of uncollectible expenses based on the Companies' Corrections and Updates tariff revenues, which assumed NESE would be built for the purposes of the sales forecast.

STAFF OF THE DEPARTMENT OF PUBLIC SERVICE
RESPONSE TO INTERROGATORY/DOCUMENT REQUEST

The Brooklyn Union Gas Company d/b/a National Grid NY
KeySpan Gas East Corporation d/b/a National Grid
Cases 19-G-0309 & 19-G-0310 – Gas Rates

Request No.:	NG-07
Requested By:	KEDNY/KEDLI, Revenue Requirements Panel
Information Requested of:	Staff Revenue Requirements Panel
Date of Request:	September 3, 2019
Response Due Date:	September 13, 2019
Date of Response:	September 13, 2019
Name & Position of Respondent:	John Castano, Auditor 2 (Public Utilities)
Subject:	Labor – Vacancy Rates

Question:

Is it Staff's position that there are no vacancies included in the December 31, 2018 headcounts used in KEDNY's and KEDLI's Rate Year labor expense forecast?

Response:

It is Staff's position that the Companies did not account for vacancies from the end of the Historic Test Year, through the Rate Year in developing the Companies Rate Year labor forecasts and the Companies projected Rate Year incremental FTEs contained in the Other Initiatives expense cost element. As explained in the Companies' Revenue Requirement Panel testimonies, the Companies based their Rate Year labor forecast on the actual number of employees on the payroll at December 31, 2018. Further, the Companies state they made adjustments to remove employees from management, to include headcounts for those on long term leave who were not expected to return, and to add average headcounts for seasonal and temporary employees who were excluded from the December 31, 2018 employee headcounts. The Companies also included in their headcounts employees who separated from the Companies during the 2018 calendar year, through December 30, 2018. The Companies, however, did not apply a vacancy rate assumption with respect to their projected incremental FTEs contained in the Other Initiatives operation and maintenance expense cost element.

While the Companies did not account for such vacancies in their labor and incremental FTE forecasts, they do recognize that vacancies will exist. In response to IRs DPS-690 and DPS-691, the Companies state that " …headcounts can vary from month to month (or even day to day)," and that "[v]ariables such as attrition related to retirements, terminations, voluntary separations, and long-term leave, as well as the filling of positions that have been vacated, can result in fluctuations in staffing headcount from one period to another." However, as explained in the Companies responses to DPS-646 and DPS-647, the Companies indicate that National Grid does not track vacancy rates for existing positions.

STAFF OF THE DEPARTMENT OF PUBLIC SERVICE
RESPONSE TO INTERROGATORY/DOCUMENT REQUEST

The Brooklyn Union Gas Company d/b/a National Grid NY
KeySpan Gas East Corporation d/b/a National Grid
Cases 19-G-0309 & 19-G-0310 – Gas Rates

Request No.:	NG-10
Requested By:	KEDNY/KEDLI Revenue Requirement Panel and Gas Infrastructure and Operation Panel (GIOP)
Information Requested of:	Staff Gas Infrastructure and Operation Panel (SGIOP)
Date of Request:	September 3, 2019
Response Due Date:	September 13, 2019
Date of Response:	September 16, 2019
Name & Position of Respondent:	Mark Tintera – Assistant Engineer Qin Shi – Utility Engineer Specialist 2 Sean Walters – Professional Engineer 1 Brian Fisher – Utility Engineer Specialist 2
Subject:	KEDNY and KEDLI Exhibit _(SGIOP-4)

Question:

There are various discrepancies between SGIOP testimony discussing capital changes, Staff's Exhibits SGIOP-4 and the capital changes embedded in the net plant and depreciation forecast that supports Exhibit SGIOP-6. For example, page 36 of SGIOP testimony recommends a total downward adjustment of $50.506 million and $92.545 million for KEDNY and KEDLI, respectively for Customer Connections. However, page 41 of GIOP testimony presents a $10.231 million and $16.079 million downward adjustment for Gas System Reinforcement for KEDNY and KEDLI, respectively and a $38.187 million and $75.847 million downward adjustment for KEDNY and KEDLI, respectively for the No-NESE scenario. When combining those adjustments on page 41, the total adjustment would be $48.418 million for KEDNY and $91.926 million of KEDLI, which is different than the total discussed on page 36 and presented on Exhibit SGIOP-4. The testimony further down on page 41 refers to an upward adjustment of $8.773 million for KEDNY and a downward adjustment of $22.044 million for KEDLI, which appears to be related to the Clean Choice Programs being eliminated, which also doesn't tie out to Exhibit SGIOP-4, nor appears to be included in the total adjustment described in the testimony on page 36.

Additionally, when comparing Exhibit SGIOP-4 to the Customer Connections capital reductions embedded in the net plant and depreciation forecast that is used for making the adjustments presented on Exhibit SGIOP-6, the capital reductions are $43.818 for KEDNY and $93.466 million for KEDLI, which don't reconcile to either the SGIOP testimony or Exhibit SGIOP-4.

1. Please provide the correct source of Staff's capital reductions by each spending rationale project separately (i.e. Customer Connections, Mandated, Reliability, Non-Infrastructure and Indirect) and reconcile them between:
   a. SGIOP testimony

STAFF OF THE DEPARTMENT OF PUBLIC SERVICE
RESPONSE TO INTERROGATORY/DOCUMENT REQUEST

The Brooklyn Union Gas Company d/b/a National Grid NY
KeySpan Gas East Corporation d/b/a National Grid
Cases 19-G-0309 & 19-G-0310 – Gas Rates

Response to IR NG-10 continued.

b. Exhibit SGIOP-4
c. Capital embedded in net plant forecast model supporting Exhibit SGIOP-6

Response:

1. The discrepancies between pages 36 and 41 identified in the question above are due to the customer contribution adjustments of $2.089 million for KEDNY and $0.619 million for KEDLI, which were presented in Exhibit_(SGIOP-4), but not mentioned in testimony.

   Regarding the upward adjustment of $8.773 million for KEDNY and downward adjustment of $22.044 million for KEDLI discussed on page 41, these are our recommended adjustments in the event the Northeast Supply Enhancement (NESE) project is built. Under this scenario, we would recommend applying our three-year average methodology to the budget items for Customer Connections category that were forecasted using unit costs. For KEDLI, we reflected elimination of the Clean Conversion Program as recommended by the Staff Policy Panel. This would result in upward adjustments of $8.637 million for KEDNY and downward adjustment of $22.109 million for KEDLI for the budget items based on unit costs. Additionally, Staff recommended a decrease to customer contributions based on the three-year average historical spending, which further increases the capital budgets by $0.136 million for KEDNY and $0.065 million for KEDLI in the Rate Year. These adjustments are presented in separate tables in Exhibit___(SGIOP-4).

   In addition, the discrepancies identified by the Companies among SGIOP testimony, Exhibit_(SGIOP-4), and Net Plant Forecast Model resulted from modifications to our CapEx recommendations, which were not reflected in the Net Plant model, are highlighted in yellow below:

   KEDNY:

Customer Connections (no NESE):	Corrected SGIOP-4	As Filed Net-Plant Model
Install Main	(16,940,542)	(16,940,542)
Install Service	(17,773,852)	(17,773,852)
Customer Contribution	(2,088,896)	(2,088,896)
Meter Purchase	(1,522,814)	(1,549,291)
Install Meter/Regulator	(1,006,076)	(1,006,076)
AMR	(943,514)	(943,514)
Gas System Reinforcement	(10,230,750)	(4,035,506)
Jamaica Inlet - PM	520,000	520,000
Kew Gardens Gate - PM		

STAFF OF THE DEPARTMENT OF PUBLIC SERVICE
RESPONSE TO INTERROGATORY/DOCUMENT REQUEST

The Brooklyn Union Gas Company d/b/a National Grid NY
KeySpan Gas East Corporation d/b/a National Grid
Cases 19-G-0309 & 19-G-0310 – Gas Rates

Response to IR NG-10 continued.

Belmont Gate Station - PM		
Customer Connections Subtotal	**(49,986,444)**	**(43,817,677)**
Non-Infrastructure:		
Telecom - Radio Capital Expenditure	(5,997)	(6,065)
Telecom – Comm Site Upgrade	(43,594)	(43,597)
Telecom – Damaged Failure	(11,852)	(11,852)
Tools & Equipment - All	334,265	327,337
Learning and Development		
AMR Installation		
Meter Testing Equipment	(31,559)	(31,688)
AMR Replacement		
Non-Infrastructure Subtotal	**241,263**	**234,135**
Facilities		
Base Spend	92,060	0

KEDLI:

Customer Connections (no NESE):	**Corrected SGIOP-4**	**As Filed Net-Plant Model**
Install Main	(21,231,400)	(21,231,400)
Install Service	(25,946,279)	(25,946,279)
CCP - Main	(20,790,000)	(20,790,000)
CCP - Service	(4,768,560)	(4,768,560)
Customer Contribution	(619,432)	(619,432)
Meter Purchase	(1,429,086)	(1,429,086)
Install Meter/Regulator	(728,025)	(728,025)
AMR	(953,319)	(953,319)
Gas System Reinforcement	(16,079,250)	(17,000,260)
Riverhead Transmission - PM		
Southeast Suffolk Infra - Phase 1		
Southeast Suffolk Infra - Phase 2		
Customer Connections Subtotal	**(92,545,351)**	**(93,466,361)**
Non-Infrastructure:		
Telecom - Radio Capital Expenditure	(49,841)	(49,841)
Telecom – Comm Site Upgrade	(27,103)	(27,141)

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RESPONSE TO INTERROGATORY/DOCUMENT REQUEST

The Brooklyn Union Gas Company d/b/a National Grid NY
KeySpan Gas East Corporation d/b/a National Grid
Cases 19-G-0309 & 19-G-0310 – Gas Rates

Response to IR NG-10 continued.

Telecom – Damaged Failure	(12,750)	(12,750)
Tools & Equipment - All	(88,352)	(92,502)
Learning and Development		
AMR Installation		
Meter Testing Equipment	(124,752)	(124,899)
AMR Replacement		
Non-Infrastructure Subtotal	**(302,798)**	**(307,133)**
Facilities		
Base Spend	(31,401)	0

Question:

2. Please provide Exhibit SGIOP-4 and all supporting calculations in original electronic excel format with all formulae intact and unlocked.

Response:

2. Please see the following attachments:
   - MS Excel File "Response to IR NG-10 (Attachment 1), which is an updated version of Exhibit__(SGIOP-4);
   - MS Excel File "Response to IR NG-10 (Attachment 2),, which is the workpapers for the Customer Connections, Non-Infrastructure, and Facilities categories;
   - MS Excel File "Response to IR NG-10 (Attachment 3), which is the workpaper for the Mandated Category;
   - MS Excel File "Response to IR NG-10 (Attachment 4), which is the workpaper for the Reliability category;
   - MS Excel File "Response to IR NG-10 (Attachment 5), which is the corrected net plant model for KEDNY; and
   - MS Excel File "Response to IR NG-10 (Attachment 6), which is the corrected net plant model for KEDLI.

   MS Excel file "Response to IR NG-10 (Attachment 1), the updated version of Exhibit___(SGIOP-4), includes the following corrections for the Rate Year (FY21):

   - For the Customer Connections category, the original filed Exhibit_(SGIOP-4) incorrectly included $520,000 for the Jamaica Inlet project as a portion of KEDNY's

STAFF OF THE DEPARTMENT OF PUBLIC SERVICE
RESPONSE TO INTERROGATORY/DOCUMENT REQUEST

The Brooklyn Union Gas Company d/b/a National Grid NY
KeySpan Gas East Corporation d/b/a National Grid
Cases 19-G-0309 & 19-G-0310 – Gas Rates

Response to IR NG-10 continued.

FY21 CapEx budget. To correct this error, Staff removed $520,000 from the FY21 CapEx budget.

- The budget proposed for the Storm Hardening project was removed from FY21 and the budget proposed for FY20 was moved into FY21 before applying the slippage adjustment to the Reliability category for KEDNY and KEDLI.
- The Newtown Creek project was updated to reflect KEDNY's current CapEx forecast.
- KEDNY's Rate Year budget for Renewable Natural Gas Interconnections was removed before applying the slippage adjustment to the Reliability category for KEDNY and KEDLI.

Attachment 1

Exhibit_(SGIOP-4)
Corrections and Updates

Keyspan Gas East Corporation d/b/a National Grid NY
Cases 19-G-0309 and 19-G-0310

Direct Capital Expenditures (CAPEX and COR)			
Customer Connections (without NESE):	**KEDLI FY21**	**Staff FY21**	**Adjustments**
Customer Connections - Install Main	21,494,500	263,100	(21,231,400)
Customer Connections - Install Services	26,454,725	508,446	(25,946,279)
Install Services Bare Main Replacement Program	-		-
Customer Connections - Clean Choice Program - Main	20,790,000	-	(20,790,000)
Customer Connections - Clean Choice Program - Services	4,768,560	-	(4,768,560)
Customer Connections - Customer Contributions	(4,300,000)	(4,919,432)	(619,432)
Customer Connections - Meter Purchases	1,429,086	-	(1,429,086)
Customer Connections - Install Meter/Regulator	860,997	132,972	(728,025)
Customer Connections - Automatic Meter Reading (AMR)	953,319	-	(953,319)
Gas System Reinforcement	21,439,000	5,359,750	(16,079,250)
LTLI10860 Riverhead Transmission Main - PM	-		-
LTLI10985- Southeast Suffolk Infrastructure - Phase 1	20,000,000	20,000,000	-
LTLI10985- Southeast Suffolk Infrastructure - Phase 2	-	-	-
Customer Connection Subtotal	**113,890,187**	**21,344,836**	**(92,545,351)**
Mandated:			
CSC/Public Works - Non Reimbursable	5,360,398	2,624,221	(2,736,177)
CSC/Public Works - Reimbursable	5,517,132	4,506,882	(1,010,250)
CSC/Public Works - Reimbursements	(1,102,000)	(1,102,000)	-
Main Replacements (Proactive) - Leak Prone Pipe	235,190,918	225,163,768	(10,027,150)
Cross Bore Remediation	101,779	101,779	-
Latent Damage	514,842	514,842	-
Large Diameter Main Rehabilitation	6,505,000	6,505,000	-
Main Replacements (Reactive) - Maintenance	2,609,202	2,638,948	29,746
Service Replacement (Reactive) - Leaks	1,892,745	2,169,063	276,318
Service Replacement (Reactive) - Non-Leaks - Other	4,705,606	3,656,168	(1,049,438)
Restrictions for Elevated Gas Infrastructure	485,000	485,000	-
Buried Vent Lines	319,000	-	(319,000)
Plastic Fusion QA/QC Re-Digs	974,100	667,000	(307,100)
Plastic Fusion - In Process Inspections	610,470	610,470	-
Low Pressure Main Valve Installation	50,000	-	(50,000)
Contrator Safety Inspection	3,613,536	3,381,064	(232,472)
Operator Qualification Program	652,822	652,822	-
Atmospheric Corrosion Inside Inspections	650,000	650,000	-
Corrosion	972,495	899,921	(72,574)
Pipeline Integrity - IMP	7,400,365	7,400,365	-
Pipeline Integrity - IVP	250,000	250,000	-
Pipeline Integrity -IVP - GM 9 Stewart Ave to	-	-	-
Pipeline Integrity - IVP Reactive Main Replacement	500,000	500,000	-
NY Joint Facilities	-	-	-
Valve Installations/Replacements	111,000	111,000	-
Meter Pitts	1,121,344	1,121,344	-
Meter Changes	2,861,185	2,861,185	-
Purchase Meters (Replacements)	3,411,987	3,411,987	-
Transmission Station Integrity	3,000,000	180,000	(2,820,000)
Complex Capital Delivery Initiative - Savings	(914,000)	(914,000)	-
Mandated Subtotal	**287,364,926**	**269,046,829**	**(18,318,097)**
Reliability:			
Gas System Reliability - Gas Planning/RCV Program	2,339,350	1,669,124	(670,226)
LTLI10652- Lynbrook- RCV QL-04	1,750,000	1,248,623	(501,377)
LTLI11985- Farmingdale- RCV 032583255 - PM	75,000	53,512	(21,488)
LTLI11032-Westbury- RCV 023123400 - PM	50,000	35,675	(14,325)
LTLI11715- Westbury- RCV 023123413 - PM	50,000	35,675	(14,325)
LTLI12046- Glenwood Interconnect- Transmission - PM	-	-	-
LTLI12020- Deer Park- RCV 040632167-PM	25,000	17,837	(7,163)
LTLI12021- Deer Park- RCV 040632133-PM	25,000	17,837	(7,163)
LTLI12022- Pinelawn- RCV 041025722-PM	25,000	17,837	(7,163)
LTLI10676 Elmont- RCV 007646335	-	-	-

Attachment 1

LTLI12023- Engineering costs 2025 projects	-	-	-
Northwest Nassau Transmission Main & Control Valve - Phase 1	-	-	-
Northwest Nassau Transmission Main & Control Valve - Phase 2	79,239,000	56,536,945	(22,702,055)
Northwest Nassau Transmission Main & Control Valve - Phase 3	25,000,000	17,837,474	(7,162,526)
Storm Hardening - Install Remote Service Shutoff Valves	15,579,000	5,136,479	(10,442,521)
Water Intrusion	210,404	150,123	(60,281)
Gas System Control	157,430	112,326	(45,104)
Gas System Control - Telemetry Upgrade 3G to 4G	-	-	-
Gas System Control - M2M Upgrade	-	-	-
Gas System Reliability - Gas Control (Training Simulator)	-	-	-
I&R - Reactive	270,652	193,110	(77,542)
I&R - Training and Test Lab	800,000	570,799	(229,201)
Heater Installation Program	1,504,957	1,073,785	(431,172)
Pressure Regulating Facilities	8,690,855	6,200,916	(2,489,939)
South Commack Take Station Overhaul	400,000	285,400	(114,600)
Rockville Centre Take Station Overhaul	4,500,000	3,210,745	(1,289,255)
Bay Shore Take Station Overhaul	400,000	285,400	(114,600)
Long Beach Gate Station Overhaul	-	-	-
ND 45	-	-	-
ND 02	-	-	-
ND 16	-	-	-
Riverhead Take Station	-	-	-
SL 54	350	250	(100)
Stewart Ave	-	-	-
SL 74 SL 75 Holtsville	-	-	-
Distribution Station Over Pressure Protection	1,746,000	1,245,769	(500,231)
Northport M&R Station Refurbishment	-	-	-
System Automation	1,142,980	815,515	(327,465)
CNG - NY Hewlett - New Compressor, Controls, Storage	-	-	-
CNG - NY Brentwood - New Compressor, Controls, Storage, Dispensing	3,190,096	2,276,130	(913,966)
CNG - NY Riverhead - Retirement	500,000	356,749	(143,251)
CNG - NY Hicksville - Retirement	500,000	356,749	(143,251)
CNG - NY KEDLI - New Mobile Compressor and Storage systems	-	-	-
CNG - KEDLI Contract Closeout	400,000	285,400	(114,600)
CNG - KEDLI Blanket	500,000	356,749	(143,251)
LNG - Blanket	1,075,085	767,072	(308,013)
LNG - Controls System Upgrade	6,594,000	4,704,812	(1,889,188)
LNG - AESD System	2,000,000	1,426,998	(573,002)
LNG - Storage Building	-	-	-
P-20 Pump Upgrade	-	-	-
LNG - Security System Upgrade	-	-	-
LNG - Solar Panel Farm	-	-	-
LNG - Mol Sieve Refurbishment	-	-	-
LNG - Hydrant System Piping Refurbishment	-	-	-
LNG - Liquefaction Critical Spares	-	-	-

Attachment 1

LNG - Tank Stair Replacement	-	-	-
LNG - Tank Painting	-	-	-
LNG - Analyzer Replacement 2	-	-	-
LNG - Odorant System Replacement	-	-	-
LNG - LNG C Train Replacement	-	-	-
LNG - Raw Gas Makeup System Replacement	-	-	-
LNG - ReGen Heater Replacement	-	-	-
LNG - Dry Powder System Replacement	-	-	-
LNG - Boiloff Compressor System	75,000	53,512	(21,488)
LNG - Heat Exchanger/Plant Cooling Systems Replacement	-	-	-
LNG - SST1 & SST2 Replacement	-	-	-
LNG - Cyber Security Enhancements	500,000	356,749	(143,251)
LNG - Tank Upgrade	900,000	642,149	(257,851)
LNG - Analyzer Replacement 1	200,000	142,700	(57,300)
LNG - Vaporizer Replacement	-	-	-
LNG - IPC Coating Upgrade	-	-	-
LNG - Power Center Upgrade	-	-	-
LNG - Flare Refurbishment	-	-	-
LNG - 4KV Cable Replacement	-	-	-
LNG - Nitrogen System Refurbishment	-	-	-
LNG - Emergency Generator Upgrade	-	-	-
LNG - Hi Ex Foam System	893,000	637,155	(255,845)
LNG - Liquefaction System Refurbishment	-	-	-
Renewable Natural Gas (RNG) Interconnections	450,000	321,075	(128,925)
Reliability Subtotal	**161,758,159**	**109,435,158**	**(52,323,001)**
Non-Infrastructure:			
Telecomm - Comm site upgrades	48,450	21,347	(27,103)
Telecomm - Damaged Failure	12,750	-	(12,750)
Telecomm - Radio Capital Expenditures	49,841	-	(49,841)
Tools & Equipment - All	2,468,455	2,380,103	(88,352)
Meter Testing Equipment	208,931	84,179	(124,752)
Learning and Development - Materials, Tools and Equipment	375,000	375,000	-
Automatic Meter Reading (AMR) - Replacement	1,397,204	1,397,204	(0)
Non Infrastructure Subtotal	**4,560,631**	**4,257,833**	**(302,798)**
Total Capital Including Cost of Removal	**567,573,903**	**404,084,656**	**(163,489,247)**
Cost of Removal	**38,595,025**	**28,871,018**	**(9,724,007)**
Total Direct Capital (Net of Removal)	**528,978,878**	**375,213,638**	**(153,765,240)**

Indirect Capital Expenditures (CAPEX and COR)			
Facilities:			
Base Spend	300,000	268,599	(31,401)
Bayshore New Building Completion	-	-	-
Materials Testing Lab ((w/equip)	180,000	180,000	-
Melville HUB Expansion (GC, Pkg Str & LI Training)	1,350,000	1,350,000	-
New Large Ops Site	20,255,000	20,255,000	-
Other New LI Ops Sites	-	-	-
Facilities Subtotal	**22,085,000**	**22,053,599**	**(31,401)**
Fleet and Supply Chain:			
FLEET	1,150,000	1,150,000	-
SUPPLY CHAIN	400,000	400,000	-
Fleet and Supply Chain Subtotal	**1,550,000**	**1,550,000**	**-**
Future of Heat:			
Future of Heat - Power to Gas	-		
Future of Heat - Demand Response	26,800	26,800	-
Furture of Heat Subtotal:	**26,800**	**26,800**	**-**
Total Indirect Capital	**23,661,800**	**23,630,399**	**(31,401)**

Grand Total Direct and Indirect Capital	**591,235,703**	**427,715,055**	**(163,520,648)**

Attachment 1

KEDLI	FY21		
Customer Connections (with NESE):	**KEDLI**	**Staff**	**Adjustments**
Install Main	21,494,500	24,373,260	2,878,760
Install Service	26,454,725	25,620,451	(834,274)
Install Service Bare Main Repl Program			-
Clean Choice Program-Main	20,790,000	-	(20,790,000)
Clean Choice Program-Service	4,768,560	-	(4,768,560)
Cust Contribution	(4,300,000)	(4,235,322)	64,678
Meter Purchase	1,429,086	1,875,887	446,801
Install Meter/Regulator	860,997	1,819,176	958,179
AMR	953,319	953,319	-
Gas System Reinforcement	21,439,000	21,439,000	-
LTL110860 Riverhead Transmission Main-PM			-
LTL110985-Southeast Suffolk Infrastructure-Phase 1	20,000,000	20,000,000	-
LTL110985-Southeast Suffolk Infrastructure-Phase 2			
Total Cust. Connection	**113,890,187**	**91,845,772**	**(22,044,415)**

Attachment 1

Exhibit_(SGIOP-4)
Corrections and Updates

The Brooklyn Union Gas Company d/b/a National Grid NY
Cases 19-G-0309 and 19-G-0310

Direct Capital Expenditures (CAPEX and COR)			
Customer Connections (without NESE):	**KEDNY FY21**	**Staff FY21**	**Adjustments**
Customer Connections - Install Main	21,729,722	4,789,180	(16,940,542)
Customer Connections - Install Services	25,488,092	7,714,240	(17,773,852)
Customer Connections - Customer Contributions	(2,352,000)	(4,440,896)	(2,088,896)
Customer Connections - Meter Purchases	1,847,990	325,176	(1,522,814)
Customer Connections - Install Meter/Regulator	1,257,700	251,624	(1,006,076)
Customer Connections - Automatic Meter Reading (AMR)	1,062,090	118,576	(943,514)
Gas System Reinforcement	13,641,000	3,410,250	(10,230,750)
LTNXXXXX - Jamaica Inlet - PM		520,000	520,000
LTNY11751 - Kew Gardens Gate - PM	17,937,000	17,937,000	-
LTNY12025 - Belmont Gate Station - PM	-		-
Customer Connections Subtotal	**80,611,594**	**30,625,150**	**(49,986,444)**
Mandated:			
CSC/Public Works - Non Reimbursable	125,897,715	114,750,000	(11,147,715)
CSC/Public Works - Reimbursable	153,874,985	140,250,000	(13,624,985)
Flatlands - SE853 Phase 2 - Trans Offset Louisiana Ave & Georgia Ave .	-		
SE856 Phase 2 Trans. Offset Sheffield & New Jersey Ave. - Trans Work	26,590,000	26,590,000	
SE856 Phase 2 Trans. Offset Sheffield & New Jersey Ave. - Dist Work	14,400,000	14,400,000	
SE851-Flatlands Ave Ph 2	-		
LaGuardia Redevelopment	164,382	164,382	
CSC/Public Works - Reimbursements	(33,399,619)	(33,399,619)	
Main Replacements - (Proactive) - Leak Prone Pipe	250,061,000	244,070,607	(5,990,393)
CISBOT	5,336,499	5,336,499	
Large Diameter Main Rehabilitation	14,088,000	14,088,000	
Cross Bore Remediation	150,000	150,000	
Latent Damage Inspections	416,000	416,000	
Main Replacements - (Reactive) - Maintenance	6,941,127	6,340,520	(600,607)
Service Replacements - Proactive	2,053,847	1,993,433	(60,414)
Service Replacement (Reactive) - Leaks	5,148,762	5,905,448	756,686
Service Replacement (Reactive) - Non-Leaks - Other	5,216,717	4,503,027	(713,690)
Atmospheric Corrosion Inside Inspections	650,000	650,000	
Restrictions for Elevated Gas Infrastructure	373,000	373,000	
Buried Vent Lines	111,000	-	(111,000)
Plastic Fusion QA/QC Re-Digs	3,250,200	3,000,200	(250,000)
Plastic Fusion - In Process Inspections	307,530	307,530	
Low Pressure Main Valve Installation	2,460,000	-	(2,460,000)
High Density Polyethylene Services	2,458,800	2,458,800	
Contractor Safety Inspections	5,370,628	4,932,098	(438,530)
Operator Qualification Program	909,361	909,361	
Local Law 30	11,400,000	11,400,000	
Inactive Accounts	274,924	274,924	
Corrosion	1,004,571	1,004,571	
Pipeline Integrity - IMP	500,000	500,000	
Pipeline Integrity - IMP - Jamaica Bay Line ILI	2,000,000	2,000,000	
Pipeline Integrity - IMP - Southern Line Robotic ILI	3,000,000	3,000,000	
Pipeline Integrity - IVP	3,224,083	3,050,000	(174,083)
Pipeline Integrity - IVP Reactive Main Replacement	500,000	500,000	
5.0.0.0.0.1 Launcher - Clove Lakes	-	-	
5.0.0.0.0.2;3;4 Receiver - Clove La	-	-	
Valve Installations/Replacements	142,000	142,000	
Meter Changes	4,437,998	4,437,998	
Purchase Meters (Replacements)	3,736,114	3,736,114	
Transmission Station Integrity	3,000,000	180,000	(2,820,000)
Complex Capital Delivery Initiative - Savings	(577,500)	(577,500)	
Mandated Subtotal	**625,472,125**	**587,837,393**	**(37,634,732)**
Reliability:			
I&R - Reactive	524,484	388,098	(136,386)
I&R - Training and Test Lab	800,000	591,969	(208,031)
Gas System Control	117,182	86,710	(30,472)
Gas System Control - Telemetry Upgrade 3G to 4G	-	-	-

Attachment 1

Gas System Control - M2M Upgrade	-	-	-
Gas System Reliability - Gas Control (Training Simulator)	-	-	-
Heater Installation Program	500,000	369,981	(130,019)
Pressure Regulating Facilities	7,050,000	5,216,726	(1,833,274)
System Automation	1,394,307	1,031,733	(362,574)
Bay Ridge Gate Station Refurbishmnt	-	-	-
Shafer Narrows	-	-	-
Bowery Bay Station Upgrade	500,000	369,981	(130,019)
Canarsie Gate Refurbishment	-	-	-
Floyd Bennett Field M&R ROV's	-	-	-
McGuiness Mini Gate	-	-	-
Kings Plaza Mini Gate	-	-	-
Bush Terminal (IF-09)	-	-	-
Tetco Relief Valve Replacement	-	-	-
Citizens Gate - Bulkhead	3,100,000	2,293,880	(806,120)
Sheepshead Bay Mini Gate	-	-	-
GOV 110	-	-	-
Hyman station	300,000	221,988	(78,012)
Varick Reg Station Retirement	-	-	-
North Brooklyn Mini Gate	3,800,000	2,811,852	(988,148)
Jamaica Gate	-	-	-
Kennedy Gate	-	-	-
Distribution Station Over Pressure Protection	928,000	686,684	(241,316)
PRE-SP-Maspeth St Decommissioning..	-	-	-
Gas System Reliability - Gas Planning /RCV Program	5,132,000	3,797,481	(1,334,519)
Water Intrusion	222,142	164,377	(57,766)
Storm Hardening - Remote Service Shutoff Valves	7,368,000	2,320,518	(5,047,482)
LTNY10240 - Grasmere Reliability - PM	100,000	73,996	(26,004)
LTNY11690 - LGA Backfeed - PM	50,000	36,998	(13,002)
LTNY12314 - Spring Creek - PM	213,467	157,957	(55,510)
LTNY10205 - MRI - PM - Main Phase 1-4	35,425,601	26,213,568	(9,212,033)
LTNY10205 - MRI - PM - Main Phase 5	39,574,399	29,283,518	(10,290,881)
LTNY12058 - Elmhurst Reliability - PM	-	-	-
LTNY13231 - Marine Park Regulator Station - PM	999,327	739,463	(259,864)
LTNY11165 - Northern Queens Gas T&D - PM	13,312	9,850	(3,462)
LTNYXXXXX - Northern Line - PM	-	-	-
LTNYXXXXX - Northern Queens Extension - PM	-	-	-
LTNY10074 - Clove Lakes Uprate - PM	-	-	-
Citizens Tunnel - Upgrade	21,545	15,942	(5,602)
Newtown Creek	58,782	869,403	810,621
CNG - KEDNY Blanket	497,806	368,357	(129,449)
CNG - KEDNY Contract Closeout	400,000	295,984	(104,016)
CNG - NY KEDNY - New Mobile Compressor and Storage systems	-	-	-
CNG - NY Brooklyn (Canarsie) - Compressor Upgrade, New Controls	50,000	36,998	(13,002)
CNG - NY Brooklyn (Greenpoint) - Fueling Island Access	1,200,000	887,953	(312,047)
CNG - NY Brooklyn (Greenpoint) - New Compressors, Panels, and Controls	996,643	737,477	(259,166)
LNG - Blanket	2,648,113	1,959,501	(688,612)
LNG - Vaporizers 7 & 8 Replacement	500,000	369,981	(130,019)
LNG - Barge Piping Decommissioning	-	-	-
LNG - Ice Shield	-	-	-
LNG - Bulkhead Upgrade	700,000	517,973	(182,027)
LNG - Controls System Upgrade	769,865	569,670	(200,195)
LNG - Vaporizers 3 & 4 Replacement	2,000,000	1,479,922	(520,078)
LNG - Relocate Maintenance Area & New Control Building	1,406,000	1,040,385	(365,615)
LNG - Truck Load/Unload Station	2,100,000	1,553,918	(546,082)
LNG - Salt Water Pump House Upgrade	9,634,000	7,128,786	(2,505,214)
LNG - Geoweb Dike Replacement	-	-	-
LNG - Tank 2 Upgrade	-	-	-
LNG - Solar Panels	-	-	-
LNG - Liquefaction Critical Spares	949,664	702,714	(246,949)
LNG - Sub M-Sub L Interconnect	-	-	-
LNG - Instrument Air System Replacement	-	-	-
LNG - Stormwater Drainage	-	-	-
LNG - Hydrant & Deluge Piping Upgrade	4,700,000	3,477,817	(1,222,183)
LNG - Tank 1 Upgrade	-	-	-
LNG - Generators Upgrade	-	-	-
LNG - Hi Ex Foam System	892,664	660,536	(232,127)

Attachment 1

LNG - Security System Upgrades	-	-	-
LNG - Nitrogen System Refurbishment	-	-	-
LNG - Tail Gas Compressor Upgrade	100,000	73,996	(26,004)
LNG - RNG Blanket	200,000	147,992	(52,008)
LNG - Piping Insulation Replacement & Inspection	499,664	369,732	(129,932)
LNG - Boiloff Heaters/Steam Boiler Upgrade	499,933	369,931	(130,002)
LNG - Plant Outlet Drip Leg	10,000	7,400	(2,600)
LNG - Vaporizers 9 & 10 Replacement	-	-	-
LNG - ReGen Heater Replacements	-	-	-
Renewable Natural Gas (RNG) Interconnections	900,000	-	(900,000)
Reliability Subtotal	**139,846,898**	**100,509,697**	**(39,337,200)**
Non-Infrastructure:			
Telecomm - Radio Capital Expenditures	45,176	39,179	(5,997)
Telecomm - Comm site upgrades	45,039	1,445	(43,594)
Telecomm - Damaged Failure	11,852	-	(11,852)
Tools & Equipment - All	3,639,064	3,973,329	334,265
Special project	-		-
Learning and Development - Materials, Tools and Equipment	375,000	375,000	-
AMR Installation	2,334,873	2,334,873	0
Meter Testing Equipment	105,441	73,882	(31,559)
Automatic Meter Reading (AMR) - Replacement	3,385,738	3,385,738	0
Non-Infrastructure Subtotal	**9,942,183**	**10,183,446**	**241,263**
Total Capital Including Cost of Removal	**855,872,800**	**729,155,686**	**(126,717,114)**
Cost of Removal	**85,501,693**	**75,911,933**	**(9,589,760)**
Total Capital (Net of Removal)	**770,371,107**	**653,243,753**	**(117,127,354)**

Attachment 1

Indirect Capital Expenditures (CAPEX and COR)			
Facilities:			
Base Spend	2,975,000	3,067,060	92,060
Pitkin Cust Office Expansion	500,000	500,000	-
NYC Training Center (s)	11,600,000	11,600,000	-
Greenpoint Electrical	600,000	600,000	-
Canarsie Roofs & Facades	2,300,000	2,300,000	-
Canarsie Parking	450,000	450,000	-
Facilities Subtotal	**18,425,000**	**18,517,060**	**92,060**
Fleet & Supply Chain:			
FLEET	650,000	650,000	-
SUPPLY CHAIN	600,000	600,000	-
Fleet & Supply Chain Subtotal	**1,250,000**	**1,250,000**	**-**
Future Heat Business & Customer:			
Future of Heat - Power to Gas	-	-	-
Future of Heat - Gas Demand Response	58,960	58,960	-
Future Heat Business & Customer Subtotal	**58,960**	**58,960**	**-**
Total Indirect Captial	**19,733,960**	**19,826,020**	**92,060**

Grand Total Direct and Indirect Capital	**875,606,760**	**748,981,706**	**(126,625,054)**

KEDNY	FY21		
Customer Connections (with NESE):	**KEDNY**	**Staff**	**Adjustments**
Install Main	21,729,722	26,714,976	4,985,254
Install Service	25,488,092	28,940,107	3,452,015
Cust Contribution	(2,352,000)	(2,216,417)	135,583
Meter Purchase	1,847,990	2,390,909	542,919
Install Meter/Regulator	1,257,700	1,190,252	(67,448)
AMR	1,062,090	786,385	(275,705)
Gas System Reinforcement	13,641,000	13,641,000	-
LTNY11751-Kew Gardens Gate-PM	17,937,000	17,937,000	-
LTNYXXXXX-Jamaica Inlet - PM			-
LTNY12025-Belmont Gate Station-PM			-
Total Cust. Connection	**80,611,594**	**89,384,212**	**8,772,618**

Staff's IR NG-10
Attachment 5

The Brooklyn Union Gas Company d/b/a National Grid NY
Staff Adjusted Monthly Balances of Gas Net Utility Plant
Rate Year Ending March 31, 2021

($000's)

	Balance at Month End	Total Gas Plant in Service	Non-Interest Bearing CWIP	Reserve for Depreciation	Gas Net Utility Plant in Service	Depreciation
1	Mar-20 (1/2 month)	$ 3,348,539	$ 18,771	$ (638,710)	$ 2,728,600	
2	Apr-20	$ 6,746,225	$ 37,218	$ (1,281,097)	$ 5,502,346	$ 11,659
3	May-20	$ 6,788,558	$ 37,133	$ (1,285,276)	$ 5,540,415	$ 11,733
4	Jun-20	$ 6,853,308	$ 35,945	$ (1,287,894)	$ 5,601,360	$ 11,798
5	Jul-20	$ 6,891,630	$ 36,119	$ (1,293,145)	$ 5,634,605	$ 11,896
6	Aug-20	$ 6,936,902	$ 37,880	$ (1,295,338)	$ 5,679,443	$ 11,955
7	Sep-20	$ 6,968,326	$ 39,844	$ (1,299,562)	$ 5,708,608	$ 12,025
8	Oct-20	$ 7,068,594	$ 38,748	$ (1,299,686)	$ 5,807,655	$ 12,076
9	Nov-20	$ 7,122,622	$ 38,038	$ (1,303,820)	$ 5,856,841	$ 12,227
10	Dec-20	$ 7,167,857	$ 39,235	$ (1,306,999)	$ 5,900,093	$ 12,310
11	Jan-21	$ 7,204,421	$ 39,353	$ (1,313,411)	$ 5,930,363	$ 12,385
12	Feb-21	$ 7,248,301	$ 39,793	$ (1,317,845)	$ 5,970,249	$ 12,441
13	Mar-21 (1/2 month)	$ 3,653,247	$ 20,372	$ (659,955)	$ 3,013,664	$ 12,507
14	Total Gas	83,998,531	458,448	(15,582,738)	68,874,241	145,013
15	Average Monthly Balance	$ 6,999,878	$ 38,204	$ (1,298,561)	$ 5,739,520	

The Brooklyn Union Gas Company d/b/a National Grid NY
Monthly Balances of Gas Net Utility Plant
Rate Year Ending March 31, 2022

($000's)

	Balance at Month End	Total Gas Plant in Service (a)	Non-Interest Bearing CWIP (b)	Reserve for Depreciation (c)	Gas Net Utility Plant in Service (d)	Depreciation (e)
1	Mar-21 (1/2 month)	$ 3,653,247	$ 20,372	$ (659,955)	$ 3,013,664	
2	Apr-21	$ 7,354,028	$ 41,752	$ (1,321,664)	$ 6,074,115	$ 12,595
3	May-21	$ 7,396,700	$ 42,895	$ (1,326,277)	$ 6,113,317	$ 12,663
4	Jun-21	$ 7,477,700	$ 41,707	$ (1,328,586)	$ 6,190,821	$ 12,729
5	Jul-21	$ 7,515,398	$ 42,707	$ (1,333,840)	$ 6,224,265	$ 12,883
6	Aug-21	$ 7,560,439	$ 46,044	$ (1,335,443)	$ 6,271,040	$ 12,940
7	Sep-21	$ 7,590,783	$ 49,376	$ (1,339,501)	$ 6,300,657	$ 13,008
8	Oct-21	$ 7,684,342	$ 50,922	$ (1,338,178)	$ 6,397,086	$ 13,055
9	Nov-21	$ 7,738,650	$ 51,257	$ (1,341,337)	$ 6,448,570	$ 13,194
10	Dec-21	$ 7,789,488	$ 53,308	$ (1,344,009)	$ 6,498,787	$ 13,277
11	Jan-22	$ 7,836,777	$ 53,312	$ (1,350,025)	$ 6,540,064	$ 13,357
12	Feb-22	$ 7,892,782	$ 53,707	$ (1,353,921)	$ 6,592,567	$ 13,429
13	Mar-22 (1/2 month)	$ 4,005,019	$ 25,328	$ (676,460)	$ 3,353,887	$ 13,514
14	Total Gas (Sum of Lines 1 to 13)	91,495,352	572,685	(16,049,197)	76,018,840	156,642
15	Average Monthly Balance (Line 16 / 12)	$ 7,624,613	$ 47,724	$ (1,337,433)	$ 6,334,903	

The Brooklyn Union Gas Company d/b/a National Grid NY
Monthly Balances of Gas Net Utility Plant
Rate Year Ending March 31, 2023

($000's)

	Balance at Month End	Total Gas Plant in Service (a)	Non-Interest Bearing CWIP (b)	Reserve for Depreciation (c)	Gas Net Utility Plant in Service (d)	Depreciation (e)
1	Mar-22 (1/2 month)	$ 4,005,019	$ 25,328	$ (676,460)	$ 3,353,887	
2	Apr-22	$ 8,073,464	$ 49,902	$ (1,357,465)	$ 6,765,901	$ 13,689
3	May-22	$ 8,128,678	$ 49,339	$ (1,361,462)	$ 6,816,555	$ 13,784
4	Jun-22	$ 8,212,532	$ 47,383	$ (1,364,518)	$ 6,895,397	$ 13,866
5	Jul-22	$ 8,265,375	$ 46,779	$ (1,370,899)	$ 6,941,254	$ 13,992
6	Aug-22	$ 8,323,755	$ 48,433	$ (1,373,262)	$ 6,998,926	$ 14,073
7	Sep-22	$ 8,365,112	$ 50,396	$ (1,378,382)	$ 7,037,126	$ 14,161
8	Oct-22	$ 8,413,904	$ 55,196	$ (1,378,786)	$ 7,090,313	$ 14,224
9	Nov-22	$ 8,480,982	$ 54,059	$ (1,382,918)	$ 7,152,123	$ 14,299
10	Dec-22	$ 8,536,680	$ 55,228	$ (1,386,728)	$ 7,205,180	$ 14,398
11	Jan-23	$ 8,583,773	$ 54,970	$ (1,394,019)	$ 7,244,724	$ 14,484

12	Feb-23	$	8,639,913	$	54,996	$	(1,399,243)	$	7,295,666	$	14,556
13	Mar-23 (1/2 month)	$	4,341,715	$	29,056	$	(701,490)	$	3,669,281	$	14,640
14	Total Gas (Sum of Lines 1 to 13)		100,370,902		621,064		(16,525,634)		84,466,333		170,165
15	Average Monthly Balance (Line 16 / 12)	$	8,364,242	$	51,755	$	(1,377,136)	$	7,038,861		

The Brooklyn Union Gas Company d/b/a National Grid NY
Monthly Balances of Gas Net Utility Plant
Rate Year Ending March 31, 2024

($000's)

	Balance at Month End		Total Gas Plant in Service (a)		Non-Interest Bearing CWIP (b)		Reserve for Depreciation (c)		Gas Net Utility Plant in Service (d)		Depreciation (e)
1	Mar-23 (1/2 month)	$	4,341,715	$	29,056	$	(701,490)	$	3,669,281		
2	Apr-23	$	8,751,517	$	57,337	$	(1,407,827)	$	7,401,028	$	14,707
3	May-23	$	8,810,864	$	56,896	$	(1,413,689)	$	7,454,071	$	14,809
4	Jun-23	$	8,900,749	$	54,799	$	(1,416,813)	$	7,538,735	$	14,896
5	Jul-23	$	8,954,941	$	54,369	$	(1,423,723)	$	7,585,588	$	15,030
6	Aug-23	$	9,017,104	$	56,202	$	(1,426,249)	$	7,647,057	$	15,113
7	Sep-23	$	9,059,916	$	58,456	$	(1,431,777)	$	7,686,595	$	15,206
8	Oct-23	$	9,127,444	$	62,266	$	(1,431,487)	$	7,758,223	$	15,272
9	Nov-23	$	9,280,787	$	53,743	$	(1,432,707)	$	7,901,823	$	15,374
10	Dec-23	$	9,337,607	$	55,222	$	(1,436,042)	$	7,956,787	$	15,600
11	Jan-24	$	9,387,107	$	54,977	$	(1,442,962)	$	7,999,122	$	15,685
12	Feb-24	$	9,446,496	$	55,033	$	(1,447,701)	$	8,053,828	$	15,759
13	Mar-24 (1/2 month)	$	4,795,068	$	24,842	$	(723,753)	$	4,096,157	$	15,847
14	Total Gas (Sum of Lines 1 to 13)		109,211,316		673,198		(17,136,219)		92,748,295		183,298
15	Average Monthly Balance (Line 14 / 12)	$	9,100,943	$	56,100	$	(1,428,018)	$	7,729,025		

Staff's IR NG-10
Attachment 6

Keyspan Gas East Corporation d/b/a National Grid
Staff Adjusted Monthly Balances of Gas Net Utility Plant
Rate Year Ending March 31, 2021

($000's)

	Balance at Month End	Total Gas Plant in Service	Non-Interest Bearing CWIP	Reserve for Depreciation	Gas Net Utility Plant in Service	Depreciation
1	Mar-20 (1/2 month)	$ 2,337,898	$ 10,008	$ (449,992)	$ 1,897,914	
2	Apr-20	$ 4,697,570	$ 19,993	$ (904,229)	$ 3,813,334	$ 7,936
3	May-20	$ 4,712,795	$ 21,323	$ (908,939)	$ 3,825,180	$ 7,966
4	Jun-20	$ 4,730,901	$ 22,103	$ (912,979)	$ 3,840,024	$ 7,990
5	Jul-20	$ 4,763,255	$ 20,570	$ (916,283)	$ 3,867,542	$ 8,014
6	Aug-20	$ 4,779,646	$ 24,515	$ (919,490)	$ 3,884,670	$ 8,057
7	Sep-20	$ 4,797,551	$ 26,173	$ (923,643)	$ 3,900,081	$ 8,080
8	Oct-20	$ 4,815,205	$ 32,515	$ (926,942)	$ 3,920,777	$ 8,106
9	Nov-20	$ 4,832,196	$ 35,682	$ (930,556)	$ 3,937,322	$ 8,130
10	Dec-20	$ 4,861,809	$ 35,373	$ (933,578)	$ 3,963,603	$ 7,996
11	Jan-21	$ 4,882,541	$ 34,771	$ (938,283)	$ 3,979,030	$ 7,878
12	Feb-21	$ 4,910,948	$ 33,977	$ (941,781)	$ 4,003,143	$ 7,906
13	Mar-21 (1/2 month)	$ 2,471,743	$ 17,848	$ (471,650)	$ 2,017,941	$ 7,944
14	Total Gas	57,594,059	334,849	(11,078,347)	46,850,562	96,004
15	Average Monthly Balance	$ 4,799,505	$ 27,904	$ (923,196)	$ 3,904,213	

Keyspan Gas East Corporation d/b/a National Grid
Monthly Balances of Gas Net Utility Plant
Rate Year Ending March 31, 2022

($000's)

	Balance at Month End	Total Gas Plant in Service	Non-Interest Bearing CWIP	Reserve for Depreciation	Gas Net Utility Plant in Service	Depreciation
		(a)	(b)	(c)	(d)	(e)
1	Mar-21 (1/2 month)	$ 2,471,743	$ 17,848	$ (471,650)	$ 2,017,941	
2	Apr-21	$ 5,054,272	$ 24,320	$ (947,454)	$ 4,131,138	$ 7,999
3	May-21	$ 5,071,160	$ 26,510	$ (952,107)	$ 4,145,563	$ 8,133
4	Jun-21	$ 5,090,576	$ 28,374	$ (956,113)	$ 4,162,837	$ 8,159
5	Jul-21	$ 5,123,004	$ 28,009	$ (959,509)	$ 4,191,504	$ 8,184
6	Aug-21	$ 5,148,348	$ 32,666	$ (961,966)	$ 4,219,048	$ 8,226
7	Sep-21	$ 5,176,048	$ 34,312	$ (965,372)	$ 4,244,987	$ 8,266
8	Oct-21	$ 5,201,390	$ 38,491	$ (968,076)	$ 4,271,805	$ 8,314
9	Nov-21	$ 5,261,117	$ 37,569	$ (971,081)	$ 4,327,605	$ 8,348
10	Dec-21	$ 5,300,345	$ 37,517	$ (973,410)	$ 4,364,453	$ 8,423
11	Jan-22	$ 5,327,937	$ 36,783	$ (978,090)	$ 4,386,629	$ 8,474
12	Feb-22	$ 5,366,410	$ 35,623	$ (981,369)	$ 4,420,665	$ 8,511
13	Mar-22 (1/2 month)	$ 2,707,595	$ 18,523	$ (491,551)	$ 2,234,567	$ 8,562
14	Total Gas (Sum of Lines 1 to 13)	62,299,945	396,544	(11,577,747)	51,118,742	99,599
15	Average Monthly Balance (Line 16 /	$ 5,191,662	$ 33,045	$ (964,812)	$ 4,259,895	

Keyspan Gas East Corporation d/b/a National Grid
Monthly Balances of Gas Net Utility Plant
Rate Year Ending March 31, 2023

($000's)

Gas

	Balance at Month End	Total Gas Plant in Service (a)	Non-Interest Bearing CWIP (b)	Reserve for Depreciation (c)	Net Utility Plant in Service (d)	Depreciation (e)
1	Mar-22 (1/2 month)	$ 2,707,595	$ 18,523	$ (491,551)	$ 2,234,567	
2	Apr-22	$ 5,440,492	$ 37,576	$ (987,596)	$ 4,490,472	$ 8,654
3	May-22	$ 5,457,931	$ 39,655	$ (992,125)	$ 4,505,462	$ 8,689
4	Jun-22	$ 5,478,263	$ 41,188	$ (996,074)	$ 4,523,377	$ 8,715
5	Jul-22	$ 5,513,534	$ 40,338	$ (999,685)	$ 4,554,188	$ 8,741
6	Aug-22	$ 5,534,457	$ 45,392	$ (1,002,910)	$ 4,576,939	$ 8,787
7	Sep-22	$ 5,558,281	$ 47,456	$ (1,007,047)	$ 4,598,690	$ 8,817
8	Oct-22	$ 5,633,110	$ 44,150	$ (1,010,322)	$ 4,666,937	$ 8,850
9	Nov-22	$ 5,655,209	$ 47,836	$ (1,014,167)	$ 4,688,878	$ 9,089
10	Dec-22	$ 5,692,623	$ 47,442	$ (1,017,550)	$ 4,722,514	$ 9,120
11	Jan-23	$ 5,719,108	$ 46,673	$ (1,022,910)	$ 4,742,871	$ 9,170
12	Feb-23	$ 5,756,190	$ 45,448	$ (1,026,784)	$ 4,774,854	$ 9,206
13	Mar-23 (1/2 month)	$ 2,894,706	$ 24,349	$ (514,615)	$ 2,404,440	$ 9,256
14	Total Gas (Sum of Lines 1 to 13)	67,041,498	526,026	(12,083,335)	55,484,189	107,094
15	Average Monthly Balance (Line 16 /	$ 5,586,792	$ 43,835	$ (1,006,945)	$ 4,623,682	

Keyspan Gas East Corporation d/b/a National Grid
Monthly Balances of Gas Net Utility Plant
Rate Year Ending March 31, 2024

($000's)

	Balance at Month End	Total Gas Plant in Service (a)	Non-Interest Bearing CWIP (b)		Reserve for Depreciation (c)	Gas Net Utility Plant in Service (d)	Depreciation (e)
1	Mar-23 (1/2 month)	$ 2,894,706	$ 24,349	$ -	$ (514,615)	$ 2,404,440	
2	Apr-23	$ 5,816,382	$ 49,254		$ (1,033,857)	$ 4,831,779	$ 9,300
3	May-23	$ 5,834,829	$ 51,505		$ (1,038,538)	$ 4,847,796	$ 9,337
4	Jun-23	$ 5,856,921	$ 53,172		$ (1,043,169)	$ 4,866,924	$ 9,364
5	Jul-23	$ 5,894,111	$ 52,331		$ (1,046,877)	$ 4,899,565	$ 9,394
6	Aug-23	$ 5,921,237	$ 57,081		$ (1,049,902)	$ 4,928,416	$ 9,442
7	Sep-23	$ 5,945,429	$ 59,417		$ (1,054,249)	$ 4,950,598	$ 9,496
8	Oct-23	$ 5,967,782	$ 64,505		$ (1,057,598)	$ 4,974,688	$ 9,531
9	Nov-23	$ 6,209,414	$ 36,924		$ (1,061,347)	$ 5,184,991	$ 9,562
10	Dec-23	$ 6,252,014	$ 36,233		$ (1,065,048)	$ 5,223,199	$ 9,853
11	Jan-24	$ 6,282,288	$ 35,127		$ (1,070,846)	$ 5,246,568	$ 9,909
12	Feb-24	$ 6,324,412	$ 33,567		$ (1,075,055)	$ 5,282,924	$ 9,950
13	Mar-24 (1/2 month)	$ 3,183,373	$ 18,165		$ (538,762)	$ 2,662,775	$ 10,007
14	Total Gas (Sum of Lines 1 to 13)	$ 72,382,899	$ 571,630		##########	$ 60,304,666	$ 115,146
15	Average Monthly Balance (Line 16 /	$ 6,031,908	$ 47,636		$ (1,054,155)	$ 5,025,389	

STAFF OF THE DEPARTMENT OF PUBLIC SERVICE
RESPONSE TO INTERROGATORY/DOCUMENT REQUEST

The Brooklyn Union Gas Company d/b/a National Grid NY
KeySpan Gas East Corporation d/b/a National Grid
Cases 19-G-0309 & 19-G-0310 – Gas Rates

Request No.:	NG-11
Requested By:	KEDNY/KEDLI, Revenue Requirements Panel
Information Requested of:	Staff Revenue Requirements Panel
Date of Request:	September 3 2019
Response Due Date:	September 13, 2019
Date of Response:	September 16, 2019
Name & Position of Respondent:	Brian Fisher, Utility Engineering Specialist 2
Subject:	KEDLI Exhibit____(SGIOP-5)

Question:

Please confirm that KEDLI's Exhibit __ (SGIOP-5) incorporates Staff's adjustment for the Leak Prone Pipe, Adjustments #22(b)2 and #18(2), which are shown on Exhibit____(SRRP-1), Schedule 7c.

Response:

Staff's adjustments for Leak Prone Pipe, Adjustments #22(b)2 and #18(2), which are shown on Exhibit___(SRRP-1), Schedule 7c, are not correctly reflected in Exhibit___(SGIOP-5), as originally filed with Staff's testimony. With regard to KEDLI, Staff's Exhibit __ (SGIOP-5), as filed, included an erroneous cell reference, or switch, which resulted in calculating net plant using KEDLI's proposed depreciation rates instead of Staff's proposed depreciation rates. In addition, other errors were also identified in the response to IR NG-10. Staff has corrected these errors and provides an updated version of Exhibit___(SGIOP-5) in PDF file "Response to IR NG-11 (Attachment)."

Keyspan Gas East Corporation d/b/a National Grid
Staff Adjusted Monthly Balances of Gas Net Utility Plant
Rate Year Ending March 31, 2021

($000's)

	Balance at Month End	Total Gas Plant in Service	Non-Interest Bearing CWIP	Reserve for Depreciation	Gas Net Utility Plant in Service	Depreciation
1	Mar-20 (1/2 month)	$ 2,337,898	$ 10,008	$ (449,992)	$ 1,897,914	
2	Apr-20	$ 4,697,570	$ 19,993	$ (904,229)	$ 3,813,334	$ 7,936
3	May-20	$ 4,712,795	$ 21,323	$ (908,939)	$ 3,825,180	$ 7,966
4	Jun-20	$ 4,730,901	$ 22,103	$ (912,979)	$ 3,840,024	$ 7,990
5	Jul-20	$ 4,763,255	$ 20,570	$ (916,283)	$ 3,867,542	$ 8,014
6	Aug-20	$ 4,779,646	$ 24,515	$ (919,490)	$ 3,884,670	$ 8,057
7	Sep-20	$ 4,797,551	$ 26,173	$ (923,643)	$ 3,900,081	$ 8,080
8	Oct-20	$ 4,815,205	$ 32,515	$ (926,942)	$ 3,920,777	$ 8,106
9	Nov-20	$ 4,832,196	$ 35,682	$ (930,556)	$ 3,937,322	$ 8,130
10	Dec-20	$ 4,861,809	$ 35,373	$ (933,578)	$ 3,963,603	$ 7,996
11	Jan-21	$ 4,882,541	$ 34,771	$ (938,283)	$ 3,979,030	$ 7,878
12	Feb-21	$ 4,910,948	$ 33,977	$ (941,781)	$ 4,003,143	$ 7,906
13	Mar-21 (1/2 month)	$ 2,471,743	$ 17,848	$ (471,650)	$ 2,017,941	$ 7,944
14	Total Gas	57,594,059	334,849	(11,078,347)	46,850,562	96,004
15	Average Monthly Balance	$ 4,799,505	$ 27,904	$ (923,196)	$ 3,904,213	

STAFF OF THE DEPARTMENT OF PUBLIC SERVICE
RESPONSE TO INTERROGATORY/DOCUMENT REQUEST

The Brooklyn Union Gas Company d/b/a National Grid NY
KeySpan Gas East Corporation d/b/a National Grid
Cases 19-G-0309 & 19-G-0310 – Gas Rates

Request No.:	NG-12
Requested By:	KEDNY/KEDLI, Revenue Requirements Panel
Information Requested of:	Staff Revenue Requirements Panel
Date of Request:	September 3, 2019
Response Due Date:	September 13, 2019
Date of Response:	September 16, 2019
Name & Position of Respondent:	John Castano, Auditor 2 (Public Utilities)
Subject:	Labor – Payroll Tax and Productivity Adjustments

Question:

1. Please confirm that on Summary of Rate Base Schedule 5 of both Exhibit___(SRRP-1) and Exhibit____(SRRP-2), Staff included the Net Utility Plant Adjustment #8a based on the Company's Supplemental filing of the impact the Northeast Supply Enhancement (NESE) project had on Net Utility Plant.

Response:

1. Staff confirms including the Net Utility Plant Adjustment #8a based on the Company's Supplemental filing of the impact the NESE project had on Net Utility Plant.

Question:

2. Please confirm that on Summary of Depreciation and Amortization Expense, and Amortization of Regulatory Deferrals Schedule 8 of both Exhibit___(SRRP-1) and Exhibit____(SRRP-2), Staff included the Depreciation Adjustment #5 based on the Company's Supplemental filing of the impact the Northeast Supply Enhancement (NESE) project had on Depreciation Expense.

Response:

2. Staff confirms including the Depreciation Adjustment #5 based on the Company's Supplemental filing of the impact the NESE project had on Depreciation Expense.

Question:

3. Please confirm that Staff's Exhibit____(SGIOP-6) for both KEDNY and KEDLI includes Staff's Net Utility Plant and Depreciation Expense Forecast Model inclusive of both Staff's NESE capital adjustments as well as all other capital and depreciation related adjustments.

STAFF OF THE DEPARTMENT OF PUBLIC SERVICE
RESPONSE TO INTERROGATORY/DOCUMENT REQUEST

The Brooklyn Union Gas Company d/b/a National Grid NY
KeySpan Gas East Corporation d/b/a National Grid
Cases 19-G-0309 & 19-G-0310 – Gas Rates

Response to IR NG-12 continued.

Response:

3. Staff confirms Exhibit____(SGIOP-6) for both KEDNY and KEDLI includes Staff's Net Utility Plant and Depreciation Expense Forecast Model inclusive of both Staff's NESE capital adjustments as well as all other capital and depreciation related adjustments.

Question:

4. Please confirm that Staff's Net Utility Plant Forecast Model that supports Exhibit____(SGIOP-6) for both KEDNY and KEDLI reduces Net Utility Plant by $52.952 million for KEDNY and $91.683 million for KEDLI, which represents Staff's Adjustment #23 for KEDNY and #22 for KEDLI.

Response:

4. Staff confirms that the Net Utility Plant Forecast Model as originally filed, that supports Exhibit____(SGIOP-6) for both KEDNY and KEDLI reduced Net Utility Plant by $52.952 million for KEDNY and $91.683 million for KEDLI. However, Staff has corrected and revised its Net Utility Plant Model, which no longer reflects these numbers. Please see the response to IR NG-10, Attachments 5 & 6, which contain the updated adjustments to the Net Utility Plants for KEDNY and KEDLI, respectively.

Question:

5. Please confirm that Staff's Net Utility Plant Forecast Model that supports Exhibit____(SGIOP-6) for both KEDNY and KEDLI reduces Depreciation Expense by $17.546 million for KEDNY and $11.657 million for KEDLI, which represents Staff's Adjustment #19 and for KEDNY and #18 for KEDLI.

Response:

5. Staff confirms that the Net Utility Plant Forecast Model as originally filed, that supports Exhibit____(SGIOP-6) for both KEDNY and KEDLI reduces Depreciation Expense by $17.546 million for KEDNY and $11.657 million for KEDLI, which represents Staff's Adjustment #19 and for KEDNY and #18 for KEDLI. However, Staff has corrected and revised its Net Utility Plant Model, which no longer reflects these numbers. Please see the response to NG-10, Attachments 5 & 6, which contain the updated adjustments to the Net Utility Plants for KEDNY and KEDLI, respectively.

STAFF OF THE DEPARTMENT OF PUBLIC SERVICE
RESPONSE TO INTERROGATORY/DOCUMENT REQUEST

The Brooklyn Union Gas Company d/b/a National Grid NY
KeySpan Gas East Corporation d/b/a National Grid
Cases 19-G-0309 & 19-G-0310 – Gas Rates

Response to IR NG-12 continued.

Question:

6. Please confirm that by Staff included both the NESE Adjustments #8a and #5, as well as the Net Utility Plant Adjustments #19 and #23 for KEDNY and #18 and #22 for KEDLI, Staff is doubling counting the NESE capital related adjustments. If not, please explain.

Response:

6. Staff confirms that by including both the NESE Adjustments #8a and #5, as well as the Net Utility Plant Adjustments #19 and #23 for KEDNY and #18 and #22 for KEDLI, Staff is double counting the NESE capital related adjustments.

Question:

7. If Staff confirms that they have double counted the NESE capital related adjustments in the Exhibits (SRRP-1) and (SRRP-2), please confirm that the exhibits have been understated by the amounts included in Adjustments #8a and #5 for both KEDNY and KEDLI. In not, please explain.

Response:

7. Staff confirms that Exhibit___(SRRP-1), and Exhibit___(SRRP-2), have been understated by the amounts included in Adjustments #8a and #5 for both KEDNY and KEDLI.

STAFF OF THE DEPARTMENT OF PUBLIC SERVICE
RESPONSE TO INTERROGATORY/DOCUMENT REQUEST

The Brooklyn Union Gas Company d/b/a National Grid NY
KeySpan Gas East Corporation d/b/a National Grid
Cases 19-G-0309 & 19-G-0310 – Gas Rates

Request No.:	NG-13
Requested By:	KEDNY/KEDLI Revenue Requirement Panel
Information Requested of:	Staff Policy Panel
Date of Request:	September 3 2019
Response Due Date:	September 13, 2019
Date of Response:	September 13, 2019
Name & Position of Respondent:	Aric Rider, Chief, Consumer Advocacy
Subject:	KEDNY Newtown Creek

Question:

In the Company's response to DPS-972 and DPS-973, the Company stated that the Company had $32.2 million in the plant forecast included in the Company's revenue requirement for the Newtown Creek project, although the current estimate for this project is $37.898 million.

1. Please confirm that Staff increased the Newtown Creek project cost estimate in Exhibit___(SPP-3) to $37.898 million for purposes of calculating the project's revenue requirement in order to impute Staff's $3.281 million revenue adjustment.

Response:

1. Yes.

Question:

2. Please confirm that Staff did not increase the capital forecast in Staff's overall revenue requirement for the Newtown Creek project to the current estimate of $37.898 million reflected in Exhibit___(SRP-2).

Response:

2. Yes, however, this should be corrected.

STAFF OF THE DEPARTMENT OF PUBLIC SERVICE
RESPONSE TO INTERROGATORY/DOCUMENT REQUEST

The Brooklyn Union Gas Company d/b/a National Grid NY
KeySpan Gas East Corporation d/b/a National Grid
Cases 19-G-0309 & 19-G-0310 – Gas Rates

Response to IR NG-13 continued.

Question:

3. Does Staff agree that the current estimate of $37.898 million for the Newtown Creek project should be included in both the revenue requirement for purposes of calculating the imputed revenue adjustment, as well as the Staff's overall revenue requirement reflected in Exhibit____(SRP-2).

Response:

3. Yes.

STAFF OF THE DEPARTMENT OF PUBLIC SERVICE
RESPONSE TO INTERROGATORY/DOCUMENT REQUEST

The Brooklyn Union Gas Company d/b/a National Grid NY
KeySpan Gas East Corporation d/b/a National Grid
Cases 19-G-0309 & 19-G-0310 – Gas Rates

Request No.:	NG-14
Requested By:	Paul Normand and Revenue Requirement Panel
Information Requested of:	Staff Rates Panel
Date of Request:	September 3, 2019
Response Due Date:	September 13, 2019
Date of Response:	September 13, 2019
Name & Position of Respondent:	Mingdi Huang, Utility Engineering Specialist 1
Subject:	Exhibit___(SRP-4) LPP Depreciation

Question:

1. Please provide Exhibit SRP-4 and all supporting calculations in original electronic excel format with all formulae intact and unlocked.

Response:

1. See Response to IR NG-14 (Attachment). This is an updated version of Exhibit___(SRP-4), which includes the corrections discussed in the questions and responses below.

Question:

2. Please explain why Staff Recommendation for KEDNY Account 380.05 of an annual accrual of $2,686,774 included in Exhibit SRP-4 does not agree with the total $533,041 ($5,441 + $527,600) annual accrual reflected in the "Deprec Rates" tab of the Plant Forecast Model supporting Exhibit SGIOP-5 and Exhibit SGIOP-6.

Response:

2. The Staff Recommendation for the annual accrual of KEDNY Account 380.05 of $2,686,774 does not agree with the total annual accrual of $533,041 reflected in the Plant Forecast Model because the Plant Forecast Model utilized an incorrect depreciation rate of 1.73%. The correct depreciation rate is 11.62%.

STAFF OF THE DEPARTMENT OF PUBLIC SERVICE
RESPONSE TO INTERROGATORY/DOCUMENT REQUEST

The Brooklyn Union Gas Company d/b/a National Grid NY
KeySpan Gas East Corporation d/b/a National Grid
Cases 19-G-0309 & 19-G-0310 – Gas Rates

Response to IR NG-14 continued.

Question:

3. Please confirm that Staff's KEDNY Depreciation Adjustment #19(2) in SRRP-2 for a reduction of $16.784 million was calculated by comparing the Company's LPP depreciation proposal of $29.258 million to the $12.474 million included in Staff's Plant Forecast Model that included only $533,041 of depreciation for Account 380.05.

Response:

3. Yes, the reduction of $16.784 million was calculated by comparing the Company's LPP depreciation proposal of $29.258 million to the $12.474 million included in Staff's Plant Forecast Model.

Question:

4. Please confirm and explain KEDNY's Exhibit SRP-4 for Account 380.05 presents $2,686,744 annual depreciation accrual calculated using a 40-year average service life versus the 30-year average service life used for all other accounts with leak prone pipe assets.

Response:

4. Yes, the annual depreciation accrual of $2,686,744 was incorrectly calculated using a 40-year average service life. The Response to IR NG-14 (Attachment) reflects a 30-year average life.

Question:

5. Please explain why Staff did not consistently use a 30-year average service life for all accounts as described in the Staff Rates Panel testimony.

Response:

5. The use of a 40-year average service life was incorrect. Staff's recommendation is to use a 30-year average service life for all accounts, as described in the Staff Rates Panel testimony.

STAFF OF THE DEPARTMENT OF PUBLIC SERVICE
RESPONSE TO INTERROGATORY/DOCUMENT REQUEST

The Brooklyn Union Gas Company d/b/a National Grid NY
KeySpan Gas East Corporation d/b/a National Grid
Cases 19-G-0309 & 19-G-0310 – Gas Rates

Response to IR NG-14 continued.

Question:

6. Please confirm that if Staff used a 30-year average service life for KEDNY Account 380.05 the annual accrual would be $3,580,311 vs. the $2,686,744 presented in SRP-4 and the $533,041 included in Staff's Plant Forecast Model.

Response:

6. Yes, if a 30-year average service life was used in the calculation, the annual accrual would equal $3,580,311 for KEDNY Account 380.05. The Response to IR NG-14 (Attachment) reflects a 30-year average life.

Question:

7. If the $2,686,744 was in error and Staff agrees with the $3,580,311 calculation, please confirm that Staff's annual accrual for KEDNY is understated in the Plant Forecast Model by $3,047,270 (i.e. $3,580,311 - $533,041). If not, explain why.

Response:

7. Yes, the annual accrual for KEDNY is understated by $3,047,270 in the Plant Forecast Model.

STAFF OF THE DEPARTMENT OF PUBLIC SERVICE
RESPONSE TO INTERROGATORY/DOCUMENT REQUEST

The Brooklyn Union Gas Company d/b/a National Grid NY
KeySpan Gas East Corporation d/b/a National Grid
Cases 19-G-0309 & 19-G-0310 – Gas Rates

Request No.:	NG-19
Requested By:	KEDNY/KEDLI, Revenue Requirements Panel
Information Requested of:	Staff Revenue Requirements Panel
Date of Request:	September 4, 2019
Response Due Date:	September 16, 2019
Date of Response:	September 16, 2019
Name & Position of Respondent:	John Castano, Auditor 2 (Public Utilities)
Subject:	Cost Sharing Agreement

Question:

Does Staff agree that account C186122 – Cost Sharing Agreement was included in the rate base in determining the Historic Test Year earnings base adjustment? Does Staff agree that it would be inconsistent to remove a rate base item from the forecast and not the reflect the same adjustment to the Historic Test Year earnings base adjustment? If not, please explain why it would not be?

Response:

Staff agrees that account C186122 – Cost Sharing Agreement was included in the rate base in determining the Historic Test Year earnings base adjustment.

Staff agrees that when removing account C186122 from the Rate Year rate base forecast, Staff should have made a corresponding adjustment, to remove the Historic Test Year amount from the Historic Test Year earnings base.