



Dawn M. Herrity
Principal Program Manager
Regulation & Pricing

March 15, 2018

Honorable Kathleen H. Burgess
Secretary
New York State Department of Public Service
Three Empire State Plaza, 19th Floor
Albany, New York 12223-1350

RE: CASE 06-G-1186 – Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of KeySpan Gas East Corporation d/b/a National Grid – Revenue Decoupling Mechanism

CASE 16-G-0058 - Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of KeySpan Gas East Corporation d/b/a National Grid

Dear Secretary Burgess:

In accordance with the Commission’s “Order Concerning Proposed Revenue Decoupling Mechanism” (Order 1) dated December 22, 2009 in Case 06-G-1186 and “Order Adopting Terms of Joint Proposal and Establishing Gas Rate Plans” (Order 2) dated December 16, 2016 in Case 16-G-0058 KeySpan Gas East Corporation d/b/a National Grid (the “Company”) hereby submits:

Statement No. 9 – Statement of Revenue Decoupling Mechanism
Statement No. 21 – Statement of System Benefits Charge
Schedule to Gas Service, P.S.C. No. 1-GAS
Effective Date: May 1, 2018

Order 1 approved the Joint Proposal (“JP”) filed by the Company on September 25, 2009 to implement a Revenue Decoupling Mechanism for SC1B (Section VI.1.B) . Order 2 approved the continuation of the SC1B Revenue Decoupling Mechanism and the implementation of a Revenue Decoupling Mechanism for SC2 and SC3 (Section V.3.10 and Section V.6.1.11) . The Company is submitting its Revenue Decoupling Mechanism Reconciliation for SC1B (Attachment A), a “Customer Count Proxy Analysis” for SC1B (Attachment B), and its Revenue Decoupling Mechanism Reconciliation for SC2 and SC3 (Attachment C).

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The calendar year 2017 SC1B reconciliation shows an over-recovery of the anticipated Allowed Delivery Service Revenues of \$8,460,213.59, including interest. The RDM reconciliation of calendar year 2015 resulted in an under-collection of \$66,419.80, including interest. This results in a total reconciliation of \$8,393,793.79, including interest and a Revenue Decoupling Mechanism factor credit of \$0.0151/therm. The credit will be included in the Delivery Rate Adjustment for Service Classification Nos. 1B, 1BR, 5-1B and 5-1BR effective May 1, 2018.

The SC1 Customer Count Proxy Analysis compares 30-day equivalent bills to the average annual number of residential heating customers measured by open and active meters. This comparison results in a 1% difference in the customer counts.

The calendar year 2017 SC2 reconciliation shows an over-recovery of the anticipated Allowed Delivery Service Revenues of \$3,676,012, including interest. This results in a Revenue Decoupling Mechanism factor credit of \$0.0115/therm. The credit will be included in the Delivery Rate Adjustment for Service Classification Nos. 2A, 2B, 5-2A and 5-2B effective May 1, 2018.

The calendar year 2017 SC3 reconciliation shows an under-recovery of the anticipated Allowed Delivery Service Revenues of \$439,310, including interest. This results in a Revenue Decoupling Mechanism factor surcharge of \$0.0085/therm. The surcharge will be included in the Delivery Rate Adjustment for Service Classification Nos. 3A, 3B, 5-3A and 5-3B effective May 1, 2018.

In addition, the Company will be updating its System Benefits Charge ("SBC") to recover lost revenues plus interest from all non-RDM service classifications. The lost revenues plus interest associated with energy efficiency programs for the period January through December 2017 for non-RDM service classifications totaled \$135,236, including interest. The resultant SBC factor applicable to all non-RDM service classifications, effective May 1, 2018 is \$0.0858/therm. The workpaper detailing this adjustment to the SBC factor is contained in Attachment D.

Please contact the undersigned if you have questions or require further information.

Respectfully Submitted,

/s/ Dawn M. Herrity

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Enclosures

KeySpan Gas East Corporation d/b/a National Grid - Case 16-G-0058

	<u>Annual Calc</u>	<u>Forecast Thruput May 1, 2018 - April 30, 2019</u>	<u>Rate Per Dth</u>	<u>Rate Per Therm</u>
SC 1 Residential Heating		Dth		
Target Revenue Per Customer	\$ 912.37			
Actual Number of Customers	432,139			
Actual Delivery Revenue	\$ 402,362,130			
Actual Revenue Per Customer	\$ 931.09			
RPC Variance (Target - Actual)	\$ (18.72)			
Variance times Customers	\$ (8,089,821.70)			
Dollars to be Credited	\$ (8,089,821.70)			
<u>Interest on CY 2017 Balance</u>	<u>(\$370,391.89)</u>			
CY 2017 Balance	\$ (8,460,213.59)			
CY 2015 Recovery	(911.35)			
<u>Interest on CY 2015 Imbalance</u>	<u>\$67,331.15</u>			
CY 2015 Imbalance	\$ 66,419.80			
Total Dollars to be Credited	\$ (8,393,793.79)	55,453,947	\$ (0.1514)	\$ (0.0151)

KEDLI
SC 1B

ATTACHMENT B

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Total
EQB 30 day (source: RDM Report)	439,546	423,717	435,494	434,336	445,468	438,018	444,524	429,224	439,426	415,532	458,874	453,231	438,116
O&A Meters (source: RDM Report)	429,413	429,789	430,147	430,105	430,091	430,068	430,310	430,468	434,762	435,486	436,865	438,167	432,139
	10,133	(6,072)	5,347	4,231	15,377	7,950	14,214	(1,244)	4,664	(19,954)	22,009	15,064	5,977
	2%	-1%	1%	1%	4%	2%	3%	0%	1%	-5%	5%	3%	1%

KeySpan Gas East Corporation d/b/a National Grid
Revenue Decoupling Mechanism
For Rate Year Ending December 31, 2017

JANUARY - DECEMBER

	<u>SC2A</u>	<u>SC2B</u>	<u>SC2 Total</u>	<u>SC3</u>
Total Base Delivery Revenue				
Consolidated Billing Charge Revenue				
Total Delivery Revenue Target for RDM	\$ 42,061,200	\$ 116,647,006		\$ 16,846,136
Actual Base Delivery Revenue	\$ 40,801,583	\$ 119,329,999		\$ 15,610,519
Less: Revenue for TC customers that migrate to firm service	\$ (676)	\$ (37,533)		\$ -
Add discounts back in	\$ 68,606	\$ 123,267		\$ -
Weather Normalization Adjustment	\$ -	\$ 5,424,612		\$ 814,901
Total Delivery Revenue Including Weather Normalization	\$ 40,869,513	\$ 124,840,344		\$ 16,425,420
Target # of Customers (avg open and active meters)	12,085	46,410		1,749
Actual # of Customers (avg open and active meters)	12,016	47,635		1,648
# of Customers Over/(Under) Target	(69)	1,225		(101)
Less: Customer migration between SC2A and SC2B	526	(526)		-
# of Customers Over/(Under) Target (excluding SC2 migration)	(595)	1,751		(101)
Average Annual dth Usage for the Class	842	452		3,007
Marginal Delivery Cost - \$ per dth	\$ 1.84	\$ 1.84		\$ 1.84
Marginal Delivery Cost per Customer per Year	\$ 1,156.86	\$ 1,156.86		\$ 3,716.44
Total Revenue adjustment per customer	\$ 2,706.14	\$ 1,988.54		\$ 9,249.32
Adjustment to Actual Revenue due to # of customers	\$ -	\$ 3,481,436		\$ -
Adjusted Revenue Collection Difference	\$ 1,191,687	\$ (4,711,902)	\$ (3,520,215)	\$ 420,715
Current Year Interest			\$ (155,797)	\$ 18,595
Total Under(Over) Collection			\$ (3,676,012)	\$ 439,310
Prior Year Recovery				
Prior Year Interest				
Total Prior Year				
Forecast Dekatherms May 1, 2018- April 30, 2019			31,908,049	5,139,885
Rate Per Dth			\$ (0.1152)	\$ 0.0855
Rate Per Therm			\$ (0.0115)	\$ 0.0085

KeySpan Gas East Corporation d/b/a National Grid (formerly "KEDLI") Gas Efficiency Programs

ATTACHMENT D

2018 CEF Collections	Source Order Authorizing Collections Appendix I 1/21/2016	Period 01/01/2018-12/31/2018	2018 Amount \$ 4,972,608
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Clean Energy Fund Calculation

	January - December 2018 Firm Volume Sales and <u>Transportation (therms)</u>	Authorized CEF <u>2018 Collections</u>	2018 CEF <u>Surcharge (\$/th)</u>
2018 CEF Calculation 1A, 1AR, 1B, 1BR, 1B-DG, 2, 3, 5-1A, 5-1AR, 5-1B, 5-1BR, 5-2, 5-3, 5-15, 5-16, 15, and 16	846,519,910 \$	4,972,608 \$	0.00587
Inclusion of Lost Revenues as filed to be effective May 1, 2018 through April 30, 2019 applicable to: 1A, 1AR, 5-1A, 5-1AR, 5-15, 5-16, 15, and 16	66,288,921 \$	132,750 \$	0.00200
<u>Interest</u>	66,288,921 \$	2,486 \$	0.00004
Total Lost Revenue	\$	135,236 \$	0.00204
<u>CEF Factor Effective May 1, 2018</u> 1B, 1BR, 1B-DG, 2, 3, 5-1B, 5-1BR, 5-2, 5-3		\$	0.00587
1A, 1AR, 5-1A, 5-1AR, 5-15, 5-16, 15, and 16		\$	0.00788
<u>Under/(Over) Collection CY 2017</u> 1A, 1AR, 1B, 1BR, 1B-DG, 2, 3, 5-1A, 5-1AR, 5-1B, 5-1BR, 5-2, 5-3, 5-15, 5-16, 15, and 16	846,519,910	590,892.83 \$	0.00070
Interest	846,519,910	8,243.68 \$	0.00001
Total Under/(Over) Collection CY 2017		\$	0.00071
Total CEF Factor Effective January 1, 2018 1B, 1BR, 1B-DG, 2, 3, 5-1B, 5-1BR, 5-2, 5-3		\$	0.00658
1A, 1AR, 5-1A, 5-1AR, 5-15, 5-16, 15, and 16		\$	0.00858