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March 15, 2019

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-1185 – 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– Revenue Decoupling Mechanism

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

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-1185 and “Order Adopting Terms of Joint Proposal and Establishing Gas Rate Plans” (Order 2) dated December 16, 2016 in Case 16-G-0059, The Brooklyn Union Gas Company d/b/a National Grid NY (the “Company”) hereby submits:

Statement No. 11 – Statement of Revenue Decoupling Mechanism
Statement No. 22 – Statement of System Benefits Charge
Schedule to Gas Service, P.S.C. No. 12-GAS
Effective Date: May 1, 2019

Order 1 approved the Joint Proposal (“JP”) filed by the Company on September 25, 2009 to implement a Revenue Decoupling Mechanism for SC1B (JP 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 (JP Section IV.3.10 and Section IV.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 2018 SC1B reconciliation shows an under-recovery of the anticipated Allowed Delivery Service Revenues of \$17,171,511, including interest. The RDM reconciliation of calendar year 2016 resulted in an under-collection of \$58,939.54 including interest. This results in a total reconciliation of \$17,230,451, including interest and a Revenue Decoupling Mechanism factor surcharge of \$0.0228/therm. The credit will be included in the Delivery Rate Adjustment for Service Classification Nos. 1B, 1BR, 17-1B and 17-1BR effective May 1, 2019.

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 2018 SC2 reconciliation shows an over-collection of the anticipated Allowed Delivery Service Revenues of \$1,963,481, including interest. This results in a Revenue Decoupling Mechanism factor credit of \$0.0066/therm. The surcharge will be included in the Delivery Rate Adjustment for Service Classification Nos. 2A, 2B, 5-2A and 5-2B effective May 1, 2019.

The calendar year 2018 SC3 reconciliation shows an over-recovery of the anticipated Allowed Delivery Service Revenues of \$747,978, including interest. This results in a Revenue Decoupling Mechanism factor credit of \$0.0223/therm. The credit will be included in the Delivery Rate Adjustment for Service Classification Nos. 3A, 3B, 5-3A and 5-3B effective May 1, 2019.

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 2018 for non-RDM service classifications totaled \$76,373, including interest. The resultant SBC factor applicable to all non-RDM service classifications, effective May 1, 2019 is \$0.0124/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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Principal Program Manager
U.S. Strategy & Regulation

Enclosures

ATTACHMENT A

The Brooklyn Union Gas Company d/b/a National Grid NY - Case 16-G-0059

	<u>Annual Calc</u>	<u>Forecast Thruput May 1, 2019 - April 30, 2020</u>	<u>Rate Per Dth</u>	<u>Rate Per Therm</u>
		Dth		
SC 1 Residential Heating				
Target Revenue Per Customer	\$ 943.16			
Actual Number of Customers	615,444			
Actual Delivery Revenue	\$ 564,027,858			
Actual Revenue Per Customer	\$ 916.46			
RPC Variance (Target - Actual)	\$ 26.70			
Variance times Customers	\$ 16,431,447.04			
Dollars to be Surcharged	\$ 16,431,447.04			
<u>Interest on CY 2018 Balance</u>	<u>\$740,063.96</u>			
CY 2018 Balance	\$ 17,171,511.00			
CY 2016 Under Recovery	\$ 89,576.34			
<u>Interest on CY 2016 Imbalance</u>	<u>\$ (30,636.80)</u>			
CY 2016 Imbalance	\$ 58,939.54			
Total Dollars to be Surcharged	\$ 17,230,450.54	75,720,152	\$ 0.2276	\$ 0.0228

KEDNY
SC 1B

ATTACHMENT B

	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Total
EQB 30 day (source: RDM Report)	609,148	596,791	622,841	629,660	613,944	663,651	604,599	611,386	630,187	629,610	597,491	654,465	621,981
O&A Meters (source: RDM Report)	614,219	615,040	615,524	615,077	614,479	613,729	613,615	614,493	614,822	616,049	618,269	620,011	615,444
	(5,071)	(18,249)	7,317	14,583	(535)	49,922	(9,016)	(3,107)	15,365	13,561	(20,778)	34,454	6,537
	-1%	-3%	1%	2%	0%	8%	-1%	-1%	2%	2%	-3%	6%	1%

The Brooklyn Union Gas Company d/b/a National Grid, NY
Revenue Decoupling Mechanism
For Rate Year Ending December 31, 2018

	<u>SC2-1</u>	<u>SC2-2</u>	<u>SC2 Total</u>	<u>SC3</u>
Lines				
1 Total Base Delivery Revenue				
2 Consolidated Billing Charge Revenue				
3 Total Delivery Revenue Target for RDM	\$ 54,426,429	\$ 82,115,758		\$ 115,316,982
4 Actual Base Delivery Revenue	\$ 50,998,037	\$ 90,925,228		\$ 124,258,194
5 Less: Revenue for TC customers that migrate to firm service	\$ (8,020)	\$ (2,101,519)		\$ (4,964,574)
5a Add discounts back in	\$ 746,221	\$ 478,077		
6 Plus: Weather Normalization Adjustment	\$ -	\$ (1,858,792)		\$ (3,259,718)
7 Total Delivery Revenue Including Weather Normalization	\$ 51,736,238	\$ 87,442,994		\$ 116,033,902
8 Target # of Customers (avg open and active meters)	15,021	36,857		19,046
9 Actual # of Customers (avg open and active meters)	14,809	35,511		18,411
10 # of Customers Over/(Under) Target	(212)	(1,346)		(635)
11 Less: Customer migration between SC2-1 and SC2-2	(83)	83		
12 # of Customers Over/(Under) Target (excluding SC2 migration)	(129)	(1,429)		(635)
13 Average Annual dth Usage for the Class	868	395		1,728
14 Marginal Delivery Cost - \$ per dth	\$ 1.04	\$ 1.04		\$ 1.04
15 Marginal Delivery Cost per Customer per Year	\$ 1,419.62	\$ 1,419.62		\$ 2,178.00
16 Total Revenue Adjustment per Customer	\$ 2,322.34	\$ 1,830.42		\$ 3,975.12
17 Adjustment to Actual Revenue due to # of customers	\$ -	\$ -		\$ -
18 Adjusted Revenue Collection Difference	\$ 2,690,190	\$ (5,327,235)	\$ (2,637,045)	\$ (716,920)
19 Prior Period Adjustments	\$ 581,191	\$ 170,872	\$ 752,063	\$ -
20 Adjusted Revenue Collection Difference	\$ 3,271,381	\$ (5,156,364)	\$ (1,884,982)	\$ (716,920)
21 Interest			\$ (78,499)	\$ (31,058)
22 Total			\$ (1,963,481)	\$ (747,978)
23 Forecast therms			298,541,196	33,585,721
24 \$ per Therm			\$ (0.0066)	\$ (0.0223)

The Brooklyn Union Gas Company d/b/a National Grid NY (formerly "KEDNY") Gas Efficiency Programs

ATTACHMENT D

2019 CEF Collections	Source Order Authorizing Collections Appendix I issued 1/21/16	Period 01/01/2019-12/31/2019	2019 Amount \$3,411,380
Total 2018 CEF Collections			\$3,411,380

Clean Energy Fund Calculation

	January - December 2019 Firm Volume Sales and Transportation (therms)	Authorized CEF 2019 Collections	2019 CEF Surcharge (\$/th)
<u>2019 CEF Calculation</u>			
1A, 1AR, 1B, 1BR, 1BI, 1B-DG, 2-1, 2-2, 3, 4A, 4B, 7, 17-CTS 1A, 17-CTS 1AR, 17-CTS 1B, 17-CTS 1BR, 17-CTS 1BI, 17-CTS 2-1, 17-CTS 2-2, 17-CTS 3, 17-CTS 4A, 17-CTS 4B, and 17-CTS 7	1,465,296,792	\$3,411,380	\$ 0.0023
Inclusion of Lost Revenues as filed to be effective <u>May 1, 2019 through April 30, 2020 applicable to:</u>			
1A, 1AR, 4A, 4B, 7, 17-CTS 1A, 17-CTS 4A, 17-CTS 4B, and 17-CTS 7	117,163,139	\$75,052	\$ 0.0006
<u>Interest</u>	117,163,139	<u>\$1,321</u>	<u>\$ 0.0000</u>
Total Lost Revenue		\$76,373	\$ 0.0007
<u>CEF Factor Effective January 1, 2019</u>			
1B, 1BR, 1BI, 1B-DG, 2-1, 2-2, 3, -CTS 1B, 17-CTS 1BR, 17-CTS 1BI, 17-CTS 2-1, 17-CTS 2-2, 17-CTS 3		\$	0.0023
1A, 1AR, 4A, 4B, 7, 17-CTS 1A, 17-CTS 4A, 17-CTS 4B, and 17-CTS 7		\$	0.0030
<u>Under/(Over) Collection CY 2018</u>			
1A, 1AR, 1B, 1BR, 1BI, 1B-DG, 2-1, 2-2, 3, 4A, 4B, 7, 17-CTS 1A, 17-CTS 1AR, 17-CTS 1B, 17-CTS 1BR, 17-CTS 1BI, 17-CTS 2-1, 17-CTS 2-2, 17-CTS 3, 17-CTS 4A, 17-CTS 4B, and 17-CTS 7	1,465,296,792	\$362,430	\$ 0.0002
<u>Interest</u>	1,465,296,792	<u>\$4,786</u>	<u>\$ 0.0000</u>
Total Under/(Over) Collection CY 2018		\$367,216	\$ 0.0003
<u>Total CEF Factor Effective May 1, 2019</u>			
1B, 1BR, 1BI, 1B-DG, 2-1, 2-2, 3, -CTS 1B, 17-CTS 1BR, 17-CTS 1BI, 17-CTS 2-1, 17-CTS 2-2, 17-CTS 3		\$	0.0026
1A, 1AR, 4A, 4B, 7, 17-CTS 1A, 17-CTS 4A, 17-CTS 4B, and 17-CTS 7		\$	0.0032