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Principal Program Manager
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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-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. 10 – Statement of Revenue Decoupling Mechanism
Statement No. 23 – Statement of System Benefits Charge
Schedule to Gas Service, P.S.C. No. 1-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 (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 2018 SC1B reconciliation shows an over-recovery of the anticipated Allowed Delivery Service Revenues of \$7,363,766, including interest. The RDM reconciliation of calendar year 2016 resulted in an under-collection of \$209,035, including interest. This results in a total reconciliation of \$7,154,731.68, including interest and a Revenue Decoupling Mechanism factor credit of \$0.0130/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, 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-recovery of the anticipated Allowed Delivery Service Revenues of \$7,448,525, including interest. This results in a Revenue Decoupling Mechanism factor credit of \$0.0202/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, 2019.

The calendar year 2018 SC3 reconciliation shows an under-recovery of the anticipated Allowed Delivery Service Revenues of \$504,744, including interest. This results in a Revenue Decoupling Mechanism factor surcharge of \$0.0090/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, 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 \$135,539, including interest. The resultant SBC factor applicable to all non-RDM service classifications, effective May 1, 2019 is \$0.00866/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, 2019 - April 30, 2020</u>	<u>Rate Per Dth</u>	<u>Rate Per Therm</u>
SC 1 Residential Heating		Dth		
Target Revenue Per Customer	\$ 975.87			
Actual Number of Customers	442,029			
Actual Delivery Revenue	\$ 438,412,316			
Actual Revenue Per Customer	\$ 991.82			
RPC Variance (Target - Actual)	\$ (15.95)			
Variance times Customers	\$ (7,051,177.38)			
Dollars to be Credited	\$ (7,051,177.38)			
<u>Interest on CY 2018 Balance</u>	<u>(\$312,588.95)</u>			
CY 2018 Balance	\$ (7,363,766.33)			
CY 2016 Recovery	190,565.46			
<u>Interest on CY 2016 Imbalance</u>	<u>\$ 18,469.19</u>			
CY 2016 Imbalance	\$ 209,034.65			
Total Dollars to be Credited	\$ (7,154,731.68)	55,225,611	\$ (0.1296)	\$ (0.0130)

KEDLI
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)	457,129	426,058	441,213	446,337	439,331	465,334	440,454	434,739	456,174	438,022	433,837	465,805	445,369
O&A Meters (source: RDM Report)	438,991	439,500	439,894	440,010	439,920	439,857	442,699	442,972	443,326	444,434	445,783	446,964	442,029
	18,138	(13,442)	1,319	6,327	(589)	25,477	(2,245)	(8,233)	12,848	(6,412)	(11,946)	18,841	3,340
	4%	-3%	0%	1%	0%	6%	-1%	-2%	3%	-1%	-3%	4%	1%

KeySpan Gas East Corporation d/b/a National Grid
Revenue Decoupling Mechanism
For Rate Year Ending December 31, 2018

JANUARY - DECEMBER

Lines	<u>SC2A</u>	<u>SC2B</u>	<u>SC2 Total</u>	<u>SC3</u>
1 Total Base Delivery Revenue				
2 Consolidated Billing Charge Revenue				
3 Total Delivery Revenue Target for RDM	\$ 45,828,282	\$ 127,135,143		\$ 18,345,172
4 Actual Base Delivery Revenue	\$ 45,818,621	\$ 139,725,568		\$ 18,327,805
5 Less: Revenue for TC customers that migrate to firm service	\$ (2,475)	\$ (153,844)		\$ (21,720)
5a Add discounts back in	\$ 86,385	\$ 127,784		\$ -
6 Weather Normalization Adjustment	\$ -	\$ (2,909,472)		\$ (444,085)
7 Total Delivery Revenue Including Weather Normalization	\$ 45,902,530	\$ 136,790,037		\$ 17,862,001
8 Target # of Customers (avg open and active meters)	12,143	46,633		1,810
9 Actual # of Customers (avg open and active meters)	12,013	48,043		1,677
10 # of Customers Over/(Under) Target	(130)	1,411		(132)
11 Less: Customer migration between SC2A and SC2B	(108)	108		-
12 # of Customers Over/(Under) Target (excluding SC2 migration)	(22)	1,303		(132)
13 Average Annual dth Usage for the Class	848	454		3,014
14 Marginal Delivery Cost - \$ per dth	\$ 1.84	\$ 1.84		\$ 1.84
15 Marginal Delivery Cost per Customer per Year	\$ 1,156.86	\$ 1,156.86		\$ 3,716.44
16 Total Revenue adjustment per customer	\$ 2,717.18	\$ 1,992.22		\$ 9,262.20
17 Adjustment to Actual Revenue due to # of customers	\$ -	\$ 2,595,080		\$ -
18 Adjusted Revenue Collection Difference	\$ (74,248)	\$ (7,059,813)	\$ (7,134,061)	\$ 483,171
19 Interest			\$ (314,464)	\$ 21,573
20 Total			\$ (7,448,525)	\$ 504,744
21 Therms			367,924,950	56,273,527
22 \$ per Therm			\$ (0.0202)	\$ 0.0090

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

ATTACHMENT D

2019 CEF Collections	Source Order Authorizing Collections Appendix I 1/21/2016	Period 01/01/2019-12/31/2019	2019 Amount \$ 2,290,752
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Clean Energy Fund Calculation

	January - December 2019 Firm Volume Sales and Transportation (therms)	Authorized CEF 2019 Collections	2019 CEF Surcharge (\$/th)
2019 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	1,027,696,336 \$	2,290,752 \$	0.00223
Inclusion of Lost Revenues as filed to be effective May 1, 2019 through April 30, 2020 applicable to:			
1A, 1AR, 5-1A, 5-1AR, 5-15, 5-16, 15, and 16	70,260,856 \$	133,149 \$	0.00190
<u>Interest</u>	70,260,856 \$	2,391 \$	0.00003
Total Lost Revenue	\$	135,539 \$	0.00193
<u>CEF Factor Effective January 1, 2019</u>			
1B, 1BR, 1B-DG, 2, 3, 5-1B, 5-1BR, 5-2, 5-3			\$ 0.00223
1A, 1AR, 5-1A, 5-1AR, 5-15, 5-16, 15, and 16			\$ 0.00412
<u>Under/(Over) Collection CY 2018</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	1,027,696,336 \$	(834,476) \$	(0.00081)
Interest	1,027,696,336 \$	(11,334) \$	(0.00001)
Total Under/(Over) Collection CY 2018	\$	(845,811) \$	(0.00082)
Total CEF Factor Effective May 1, 2019			
1B, 1BR, 1B-DG, 2, 3, 5-1B, 5-1BR, 5-2, 5-3			\$ 0.00141
1A, 1AR, 5-1A, 5-1AR, 5-15, 5-16, 15, and 16			\$ 0.00330