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Senior Counsel

February 6, 2014

VIA ELECTRONIC MAIL

Honorable Kathleen H. Burgess
Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, NY 12223

Re: Automated Meter Reading – Tariff Opt Out Provisions

Dear Secretary Burgess;

Enclosed are the following tariff leaves transmitted for filing by Niagara Mohawk Power Corporation d/b/a National Grid (“National Grid” or “Company”) in accordance with the requirements of the New York State Public Service Commission (“Commission”):

1. In accordance with Section 720-2 *et al.* of the Commission’s Regulations, 16 NYCRR § 720-2 *et al.*, revised tariff leaves listed in Attachment A for Electric Service, P.S.C. No. 220 - Electric. The revised tariff leaves are proposed to be effective June 1, 2014.
2. In accordance with Section 720-2.3 of the Commission’s Regulations, a proposed notice of this filing suitable for use under the State Administrative Procedure Act.

Statement of Nature, Reason and Basis for Filing

The purpose of this tariff filing is to update the Company’s electric tariff to reflect National Grid’s policies regarding the use of Automated Meter Reading (“AMR”) devices. The Company is in the process of deploying AMR devices throughout its service territory to allow it to remotely read electric meters. The proposed tariff would allow residential customers to opt out of using AMR meters by electing to have the Company (i) install and maintain a non-AMR meter (that does not use a transmitter to remotely read the meter) at their premises and (ii) manually read their meters through in-person, bi-monthly meter reads.

National Grid is committed to using proven technologies that improve customer service and reduce operating costs. AMR meters benefit customers and the Company by, *inter alia*, (i) transmitting accurate meter readings; (ii) eliminating the need for manual readings and the occurrence of estimated bills; and (iii) mitigating operation and maintenance expenses associated with manual meter reads (once the AMR system is fully deployed). AMR technology reduces the chance of human error in the transcription of meter readings, and provides a faster and more efficient meter reading process because Company personnel do not need to enter the customer’s premises to manually read the meter. As a result, customers also experience less physical intrusion at their premises with the AMR technology.

Nonetheless, it is important to National Grid that customers have the ability to choose whether to use this technology. Therefore, the Company is introducing this tariff to allow customers to opt out of having an AMR meter and, instead, elect to have a non-AMR, manually-read meter maintained at their premises. The Company is proposing that customers who elect a non-AMR meter be required to bear the additional costs to the Company to manually read the non-AMR meters. First, for customers with an AMR meter already installed at their premises, such customers will be required to pay an installation fee to cover the cost of the replacement of their current AMR meter. Second, their monthly bill will reflect an increased rate to offset the costs associated with Company employees manually reading their meter. Finally, if a customer chooses to switch back to an AMR meter, there may be a reinstallation fee.

Customers electing to opt out will be asked to complete an AMR opt out application. The Company will begin billing the monthly manual meter reading charge upon its receipt of the customer's completed opt out application (or upon the Company's removal of the AMR meter if one has already been installed). Customers who elected to opt out prior to the implementation of the opt out tariff will be sent an application and, unless they request to opt back into AMR, will be charged the monthly manual meter reading fee beginning three months from the date the application is sent. Effective July, 2015, customers who have denied the Company access to their premises for purposes of installing an AMR meter, and/or failed to respond to communications regarding AMR installation/opt out, will be charged the manual meter reading fee regardless of whether the opt out application has been returned.

Attached hereto as Attachment B is a copy of the Company's customer communications plan for the AMR opt out tariff.

Attached hereto as Attachment C are the Company's workpapers supporting the rates charged to customers who opt out of AMR.

Waiver of the newspaper publication requirement of PSL § 66-12 and 16 NYCRR § 720.8 is requested for this filing. Customers will be notified of these changes in accordance with the Company's customer communication plan, which will include, among other things, notice of the fees when a customer elect to opt out of AMR metering.

Please contact the undersigned if you have any questions regarding this filing or the enclosed documents. Thank you.

Respectfully submitted;

/s/ Jeremy Euto

encl.

cc:

ATTACHMENT A

First Revised Leaf No. 120
Original Leaf No. 120.1
First Revised Leaf No. 121

To P.S.C. No. 220 Electricity

Effective: June 1, 2014

ATTACHMENT B

AMR Opt Out

New York Customer Communications Plans

National Grid has developed a communications plan to respond to and educate New York residential customers regarding Automated Meter Reading (“AMR”). The plan will address instances where customers: (i) seek to opt out of AMR before the tariff is effective but after it is filed, (ii) have already opted out when the tariff is effective, (iii) already have AMR and seek to opt out when the tariff is effective, and (iv) seek to opt out before the AMR is installed. The communications plan will provide customers with information on the customer service benefits of AMR (accurate meter reads, eliminated access issues), as well as the safety of the AMR technology being utilized.

I. AFTER OPT OUT TARIFF IS FILED, BUT BEFORE IT IS APPROVED:

Customers who seek to opt out.

Whether the customer calls the contact center or asks the Company’s AMR installer to opt out, the Company representative will:

A. Provide relevant information regarding:

1. **Benefits:**

- AMR meter will help eliminate estimated reading by gathering meter readings remotely;
- Remote monthly readings allow customers to enjoy greater privacy and convenience; and
- AMR meters allow our meter reader team to avoid many common obstacles, such as severe weather, locked gates, tripping hazards and animal interference.

2. **Safety and Security:**

- AMR meters produce radio frequency exposures that are far lower than the guidelines established by the Federal Communications Commission (FCC) and have not been shown to pose any risk to human health; and

- No personal account information is transmitted by the meter. Normal monthly meter reading is gathered through a receiver mounted in a National Grid vehicle. This information is used to compute monthly bills.
- B. Advise that the Company has filed a proposed tariff to charge customers who have opted out for manual meter readings.

II. AFTER THE OPT OUT TARIFF IS EFFECTIVE:

Customers who had already opted out:

- A. Customers will receive a letter with the following information:
1. The Company has implemented a new opt out tariff
 2. Benefits, safety and security of AMR (as described above)
 3. Manual reading charges will become effective in three months.
 4. Customer application to opt out of AMR and request manual meter reads.
- B. Customers will receive a follow-up phone call to remind them to submit application indicating that they wish to remain opted out and pay manual reading charges in two months or chose to have an AMR meter reinstalled to avoid manual reading charges.
1. If the customer wishes to stay opted out, the Company will begin charging the customer for manual readings in two months as indicated in the letter and phone call.
 2. If the application is not returned, the customer will be deemed to have opted out and the Company will begin charging the customer as indicated in the letter and phone call.
 3. If the customer does not want to remain opted out, replace the meter with an AMR meter. There will be no fee for the replacement as long as it is done within the 3 month period.

Customers who already have AMRs who seek to opt out:

When the customer calls the contact center the Company representative will:

- A. Provide relevant information regarding benefits, safety and security of AMR (as described above)
- B. If the customer still wishes to opt out
1. Explain the tariff and related charges.
 2. Send opt-out application to the customer

3. Explain AMR removal process and charges:

- After customer returns the signed application the company will send a technician to remove the ERT/AMR meter
- There will be a charge for the removal of the ERT/AMR meter
- Monthly manual meter reads will appear on the customer's monthly bill.

Customers who seek to opt out before the AMR is installed:

When the customer requests the Company's AMR installer on site to opt out, the company representative will:

A. Provide relevant information regarding:

1. Benefits, safety and security (as described above)
2. New tariff and related charges.
3. Indicate to the customer that by refusing to have AMR they will be classified as having opted out. Provide the customer with an application to sign.

C. Customers will receive a follow up phone call in two weeks to remind them to submit application indicating that they wish to opt out and pay manual reading charges. The customer will have 30 days from that point to decide whether to opt out.

D. Effective January, 2016 for KEDLI and July, 2015 for NMPC, customers who have failed to respond to repeated communications regarding AMR installation/opt out will be charged a manual meter reading fee, regardless of whether the opt out application has been returned.

Niagara Mohawk Power Corporation d/b/a National Grid
Meter Change and Meter Read Cost Calculations**METER CHANGE COST CALCULATIONS**

Labor Times (minutes)				Average Straight Time Hourly Rate	Labor and Capital Burdens	Straight Time Cost Per Job (f) = $((c)/60) * (d) * (1 + (e))$	Fee (g)
Job	Travel	Wrench Time	Total Job Time				
	(a)	(b)	(c)	(d)	(e)	$((c)/60) * (d) * (1 + (e))$	(g)
Gas	13	29	42	\$ 36.59	145%	\$62.78	\$62.78
Electric	15	14	29	\$ 36.59	140%	\$42.36	\$42.36
Combined	15	43	58	\$ 36.59	140%	\$84.73	\$84.73

METER READ COST CALCULATIONS

Labor Times (minutes)				Average Straight Time Hourly Rate	O&M Labor Burdens	Straight Time Cost Per Job (f) = $((c)/60) * (d) * (1 + (e))$	Monthly Charge 1) (g) = (f)/2
Job	Travel	Wrench Time	Total Job Time				
	(a)	(b)	(c)	(d)	(e)	$((c)/60) * (d) * (1 + (e))$	(g) = (f)/2
Gas	13	12	25	\$ 33.43	29%	\$18.03	\$9.02
Electric	15	9	24	\$ 33.43	29%	\$17.31	\$8.65
Combined	15	21	36	\$ 33.43	29%	\$25.96	\$12.98

1) The Company will manually read meters every other month,
and will charge 50% of the cost of the manual read every month'

Note:

Time based on CMS FY14 work plan

Burdens percentages based on 12-month ending October 2013

Labor costs based on May 2013 wages

Meter Readings wages are averages for all CMS

Meter Change outs for for all CMS excluding meter readers

Source:

Column (d) = Attachment C, schedule 2

Column (e) = Attachment C, schedule 3 and 4

Niagara Mohawk Power Corporation d/b/a National Grid
Average Straight Time Hourly Rate

	(a)	(b)	(c) = ((a/b)/2080)	(d)	(e)	(f) = ((d/e)/2080)	(g) = (a-d)	(h) = (b-e)	(i) = ((g/h)/2080)
Region	Total Dollars	Total Staffing	Average Hourly Salary for Meter Read	Total Dollars	Total Staffing	Hourly Salary	Total Dollars	Total Staffing	Cost Excluding Meter Readers Average Hourly Salary for Meter Change
Niagara Mohawk Power Corp	\$ 28,301,217	407	\$ 33.43	\$ 8,893,221	152	\$ 28.13	\$ 19,407,997	255	\$ 36.59

Niagara Mohawk Power Corporation d/b/a National Grid
Labor Burdens Average Percentages - Twelve Months Ending October 2013

Company			5210
Average	B0001	Pension Burden	20.33
	B0003	Other Post Retirement FAS 106 OPEB	19.06
	B0005	Other Post Employment FAS 112 Benefits	2.60
	B0010	Payroll Taxes Burden	8.72
	B0020	Healthcare	12.51
	B0021	Group Insurance	0.66
	B0022	401K Match Burden Thrift	1.95
	B0030	Variable Pay Management Incentive Comp	7.28
	B0031	Variable pay Non Management Gainsharing	10.87
	B0040	Time Not Worked	20.72
	B0050	Workers' Compensation Burden	0.58
	(blank)	Transition Obligation Burden	0.00
Rolling 12 month average as of October 2013			105.28

Labor Burdens for Meter Change:

12 month average as of October 2013	105.28
Less : Variable Pay Management Incentive Comp	<u>7.28</u>
12 month average as of October 2013 without Management Incentive	98.00

Labor Burdens for Meter Read:

12 month average as of October 2013 Time Not Worked	20.72
Plus: 12 month average as of October 2013 Payroll Taxes Burden	<u>8.72</u>
12 month average as of October 2013 Time Not Worked and Payroll Taxes Burden	29.45

Niagara Mohawk Power Corporation d/b/a National Grid
Labor Burdens Percentages - Twelve Months Ending October 2013

Sum of Percentage			Co
Date	Cost Element	Description	
Nov 2012	B0001	Pension Burden	27.94
	B0003	Other Post Retirement FAS 106 OPEB	24.05
	B0005	Other Post Employment FAS 112 Benefits	6.56
	B0010	Payroll Taxes Burden	8.31
	B0020	Healthcare	17.34
	B0021	Group Insurance	0.75
	B0022	401K Match Burden Thrift	3.20
	B0030	Variable Pay Management Incentive Comp	-0.12
	B0031	Variable pay Non Management Gainsharing	4.09
	B0040	Time Not Worked	19.10
	B0050	Workers' Compensation Burden	0.27
Nov 2012 Total			111.49
Dec 2012	B0001	Pension Burden	27.94
	B0003	Other Post Retirement FAS 106 OPEB	24.05
	B0005	Other Post Employment FAS 112 Benefits	6.56
	B0010	Payroll Taxes Burden	8.31
	B0020	Healthcare	17.34
	B0021	Group Insurance	0.75
	B0022	401K Match Burden Thrift	3.20
	B0030	Variable Pay Management Incentive Comp	-0.12
	B0031	Variable pay Non Management Gainsharing	4.09
	B0040	Time Not Worked	19.10
	B0050	Workers' Compensation Burden	0.27
Dec 2012 Total			111.49
Jan 2013	B0001	Pension Burden	27.94
	B0003	Other Post Retirement FAS 106 OPEB	24.05
	B0005	Other Post Employment FAS 112 Benefits	6.56
	B0010	Payroll Taxes Burden	8.31
	B0020	Healthcare	17.34
	B0021	Group Insurance	0.75
	B0022	401K Match Burden Thrift	3.20
	B0030	Variable Pay Management Incentive Comp	-0.12
	B0031	Variable pay Non Management Gainsharing	4.09
	B0040	Time Not Worked	19.10
	B0050	Workers' Compensation Burden	0.27
Jan 2013 Total			111.49
Feb 2013	B0001	Pension Burden	27.94
	B0003	Other Post Retirement FAS 106 OPEB	24.05
	B0005	Other Post Employment FAS 112 Benefits	6.56
	B0010	Payroll Taxes Burden	8.31
	B0020	Healthcare	17.34
	B0021	Group Insurance	0.75
	B0022	401K Match Burden Thrift	3.20
	B0030	Variable Pay Management Incentive Comp	-0.12
	B0031	Variable pay Non Management Gainsharing	4.09
	B0040	Time Not Worked	19.10
	B0050	Workers' Compensation Burden	0.27
Feb 2013 Total			111.49

Niagara Mohawk Power Corporation d/b/a National Grid
Average of Labor Burdens - Twelve Months Ending October 2013

Sum of Percentage			Co
Date	Cost Element	Description	
Mar 2013	B0001	Pension Burden	-5.52
	B0003	Other Post Retirement FAS 106 OPEB	6.19
	B0005	Other Post Employment FAS 112 Benefits	-3.82
	B0010	Payroll Taxes Burden	7.40
	B0020	Healthcare	-20.28
	B0021	Group Insurance	0.40
	B0022	401K Match Burden Thrift	-5.31
	B0030	Variable Pay Management Incentive Comp	-15.16
	B0031	Variable pay Non Management Gainsharing	7.84
	B0040	Time Not Worked	33.93
	B0050	Workers' Compensation Burden	-0.28
Mar 2013 Total			5.39
Apr 2013	B0001	Pension Burden	17.70
	B0003	Other Post Retirement FAS 106 OPEB	16.47
	B0005	Other Post Employment FAS 112 Benefits	1.26
	B0010	Payroll Taxes Burden	6.16
	B0020	Healthcare	10.10
	B0021	Group Insurance	0.14
	B0022	401K Match Burden Thrift	1.81
	B0030	Variable Pay Management Incentive Comp	12.35
	B0031	Variable pay Non Management Gainsharing	3.63
	B0040	Time Not Worked	14.57
	B0050	Workers' Compensation Burden	0.91
Apr 2013 Total			85.10
May 2013	B0001	Pension Burden	17.70
	B0003	Other Post Retirement FAS 106 OPEB	16.47
	B0005	Other Post Employment FAS 112 Benefits	1.26
	B0010	Payroll Taxes Burden	6.16
	B0020	Healthcare	10.10
	B0021	Group Insurance	0.14
	B0022	401K Match Burden Thrift	1.81
	B0030	Variable Pay Management Incentive Comp	12.35
	B0031	Variable pay Non Management Gainsharing	3.63
	B0040	Time Not Worked	14.57
	B0050	Workers' Compensation Burden	0.91
May 2013 Total			85.10
June 2013	B0001	Pension Burden	17.70
	B0003	Other Post Retirement FAS 106 OPEB	16.47
	B0005	Other Post Employment FAS 112 Benefits	1.26
	B0010	Payroll Taxes Burden	6.48
	B0020	Healthcare	10.85
	B0021	Group Insurance	0.53
	B0022	401K Match Burden Thrift	1.61
	B0030	Variable Pay Management Incentive Comp	12.35
	B0031	Variable pay Non Management Gainsharing	3.63
	B0040	Time Not Worked	15.59
	B0050	Workers' Compensation Burden	0.81
June 2013 Total			87.28

Niagara Mohawk Power Corporation d/b/a National Grid
Average of Labor Burdens - Twelve Months Ending October 2013

Sum of Percentage			Co
Date	Cost Element	Description	
July 2013	B0001	Pension Burden	17.70
	B0003	Other Post Retirement FAS 106 OPEB	16.47
	B0005	Other Post Employment FAS 112 Benefits	1.26
	B0010	Payroll Taxes Burden	11.64
	B0020	Healthcare	18.20
	B0021	Group Insurance	0.87
	B0022	401K Match Burden Thrift	2.73
	B0030	Variable Pay Management Incentive Comp	10.21
	B0031	Variable pay Non Management Gainsharing	37.66
	B0040	Time Not Worked	26.54
	B0050	Workers' Compensation Burden	1.12
July 2013 Total			144.40
Aug 2013	B0001	Pension Burden	17.70
	B0003	Other Post Retirement FAS 106 OPEB	16.47
	B0005	Other Post Employment FAS 112 Benefits	1.26
	B0010	Payroll Taxes Burden	11.15
	B0020	Healthcare	18.03
	B0021	Group Insurance	0.98
	B0022	401K Match Burden Thrift	2.57
	B0030	Variable Pay Management Incentive Comp	10.21
	B0031	Variable pay Non Management Gainsharing	37.66
	B0040	Time Not Worked	25.21
	B0050	Workers' Compensation Burden	0.72
Aug 2013 Total			141.96
Sept 2013	B0001	Pension Burden	17.70
	B0003	Other Post Retirement FAS 106 OPEB	16.47
	B0005	Other Post Employment FAS 112 Benefits	1.26
	B0010	Payroll Taxes Burden	11.23
	B0020	Healthcare	16.87
	B0021	Group Insurance	0.94
	B0022	401K Match Burden Thrift	2.66
	B0030	Variable Pay Management Incentive Comp	22.77
	B0031	Variable pay Non Management Gainsharing	10.00
	B0040	Time Not Worked	20.92
	B0050	Workers' Compensation Burden	0.82
Sept 2013 Total			121.64
Oct 2013	B0001	Pension Burden	31.54
	B0003	Other Post Retirement FAS 106 OPEB	27.52
	B0005	Other Post Employment FAS 112 Benefits	1.26
	B0010	Payroll Taxes Burden	11.23
	B0020	Healthcare	16.87
	B0021	Group Insurance	0.94
	B0022	401K Match Burden Thrift	2.66
	B0030	Variable Pay Management Incentive Comp	22.77
	B0031	Variable pay Non Management Gainsharing	10.00
	B0040	Time Not Worked	20.92
	B0050	Workers' Compensation Burden	0.82
Oct 2013 Total			146.53

Niagara Mohawk Power Corporation d/b/a National Grid
Capital Burdens Average Percentages - Twelve Months Ending October 2013

Company		5210
Average	Dist	41.54%
	Gas	47.10%
Rolling 12 month Average as of October 2013		

Niagara Mohawk Power Corporation d/b/a National Grid
Capital Burdens Percentages - Twelve Months Ending October 2013

Cost Element	(Multiple Items)
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Sum of %		Co
Date	Segment	5210
Nov 2012	Dist	20.61%
	Gas	26.55%
Dec 2012	Dist	20.61%
	Gas	26.55%
Jan 2013	Dist	19.65%
	Gas	26.67%
Feb 2013	Dist	19.65%
	Gas	26.67%
Mar 2013	Dist	19.65%
	Gas	26.67%
Apr 2013	Dist	8.30%
	Gas	8.30%
May 2013	Dist	8.30%
	Gas	8.30%
June 2013	Dist	76.33%
	Gas	85.36%
July 2013	Dist	65.95%
	Gas	77.03%
Aug 2013	Dist	64.92%
	Gas	70.57%
Sept 2013	Dist	87.27%
	Gas	91.28%
Oct 2013	Dist	87.27%
	Gas	91.28%