

March 13, 2020

VIA E-FILING

Mark D. Marini, Secretary
Department of Public Utilities
One South Station, 5th Floor
Boston, MA 02110

**Re: D.P.U. 20-31 –Massachusetts Electric Company and Nantucket Electric Company
d/b/a National Grid 2019 Grid Modernization Program Costs Filing**

Dear Secretary Marini:

On behalf of Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid (“Company” or “National Grid”), I am submitting for filing the Company's cost recovery filing for its costs as of December 31, 2019 for its Grid Modernization Program (“Program”).¹ The Company also seeks approval of its proposed Grid Modernization Program Factor (“GMF”), for effect May 1, 2020.

The enclosed testimony and exhibits of William F. Jones describe the Company’s implementation of the Program and the documentation of the incremental Program costs. Because the Company’s Calendar Year 2018 (“CY 2018) Program Costs were too small to generate a Grid Modernization Factor to bill to customers, the Company did not seek to recover the CY 2018 costs beginning May 1, 2019 and instead is seeking to begin recovering these costs on May 1, 2020 as part of this filing.

Specifically, the Company is enclosing the following items for filing with the Department:

- 1) Exhibit WFJ-1: Pre-Filed Direct Testimony of William F. Jones
- 2) Exhibit WFJ-2: Summary of Program Operations and Maintenance Expenses
- 3) Exhibit WFJ-3: Summary of Program Capital in Service
- 4) Exhibit WFJ-4: Summary of Program Cost of Removal
- 5) Exhibit WFJ-5: Vendor Invoices for O&M Expenses
- 6) Exhibit WFJ-6: Project Documentation and Vendor Invoices for Capital In Service and Cost of Removal
- 7) Exhibit WFJ-7: Capital Authorization Policies
- 8) Exhibit KMH/MR-1: Pre-Filed Direct Testimony of Kathy M. Hammer and Mindy Rosen
- 9) Exhibit KMH/MR-2: Proposed Grid Modernization Factors

¹ In line with the Department of Public Utility’s (“Department”) March 12, 2020 Letter on Temporary Changes to Filing Requirements, this filing is being submitted in electronic form only and the Company will follow up with a paper version when directed by the Department.

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- 10) Exhibit KMH/MR-3: Summary – Annual Revenue Requirement
- 11) Exhibit KMH/MR-4: Typical Bills – Mass. Electric
- 12) Exhibit KMH/MR-5: Typical Bills – Nantucket Electric
- 13) Exhibit KMH/MR-6: Grid Modernization Factor Provision
- 14) Affidavit of William F. Jones
- 15) Affidavit of Kathy M. Hammer
- 16) Affidavit of Mindy Rosen
- 17) Motion for Protective Treatment of Confidential Information
- 18) Notice of Appearance for Melissa G. Liazos
- 19) Certificate of Service

The Company is providing separately to Hearing Officer Tina Chin, under seal, the following confidential exhibits:

- 1) Exhibit WFJ-2 CONFIDENTIAL: Summary of Program O&M Expenses
- 2) Exhibit WFJ-3 CONFIDENTIAL: Summary of Program Capital in Service
- 3) Exhibit WFJ-4 CONFIDENTIAL: Summary of Program Cost of Removal
- 4) Exhibit WFJ-5 CONFIDENTIAL: Vendor Invoices for O&M Expenses
- 5) Exhibit WFJ-6 CONFIDENTIAL: Project Documentation and Vendor Invoices for Capital In Service and Cost of Removal

Exhibit WFJ-5 CONFIDENTIAL contains several invoices for legal services. The hourly billing rates for these legal services are included in Exhibit WFJ-5 CONFIDENTIAL, but have been redacted from WFJ-5 REDACTED on the basis of confidentiality. However the Company also has redacted in Exhibit WFJ-5 CONFIDENTIAL the portions of the legal invoices that describe the legal services performed on its behalf by outside counsel,² on grounds that such summary descriptions constitute legal advice protected by the attorney-client privilege. See 49 MAPRAC §2.6; see also Upjohn Co. v. United States, 449 U.S. 383, 389 (1981) (privilege exists to encourage full and frank communication between attorneys and clients and thereby promote broader public interest in observance of law and administration of justice).

Thank you for your time and attention to this matter. Please contact me with any questions regarding this filing.

Very truly yours,



Melissa G. Liazos

Enclosures

² Exhibit WFJ-5 CONFIDENTIAL, pp. 658-659, 662-663 and 666-667.

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cc: Tina Chin, Hearing Officer (electronic)
Rebecca Tepper, Nathan Forster, Elizabeth Anderson, Shannon Beale, Donald Boecke,
Joseph Dorfler and Elizabeth Mahony, Office of the Attorney General (electronic)

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF PUBLIC UTILITIES

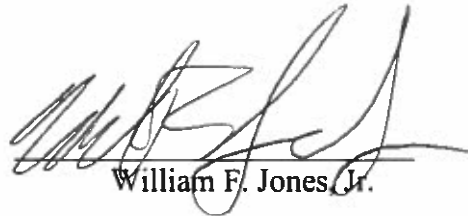
D.P.U. 20-31

Affidavit of William F. Jones, Jr.

I, William F. Jones, Jr., do attest and swear to the following:

1. I am a Director of Grid Modernization Execution for National Grid USA Service Company, Inc. In my current position, I am responsible for the Grid Modernization Program for Massachusetts Electric Company and Nantucket Electric Company (together, National Grid” or the “Company”).
2. I am familiar with National Grid’s Grid Modernization Cost Filing in this docket (“Filing”).
3. I have reviewed the Filing and the representations made in my testimony and exhibits therein are true and accurate to the best of my knowledge.

Signed under the pains and penalties of perjury,



William F. Jones, Jr.

Date: March 13, 2020

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF PUBLIC UTILITIES

D.P.U. 20-31

Affidavit of Kathleen M. Hammer

I, Kathleen M. Hammer, do attest and swear to the following:

1. I am a Lead Analyst of New England Revenue Requirements in the Strategy and Regulation department of National Grid USA Service Company, Inc. ("NGSC"). NGSC provides engineering, financial, administrative and other technical support to subsidiary companies of National Grid USA ("National Grid"). My current duties include revenue requirements responsibilities for NGSC's electric and gas distribution subsidiaries in New England. These subsidiaries include Massachusetts Electric Company ("Mass. Electric") and Nantucket Electric Company ("Nantucket") each d/b/a National Grid (collectively, the "Company").
2. I am familiar with the Company's Grid Modernization Cost Filing in this docket ("Filing").
3. I have reviewed the Filing and the representations made in my testimony and exhibits therein are true and accurate to the best of my knowledge.

Signed under the pains and penalties of perjury,


Kathleen M. Hammer

Date: March 13, 2020

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF PUBLIC UTILITIES

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Affidavit of Mindy Rosen

I, Mindy Rosen, do attest and swear to the following:

1. I am a Lead Analyst, New England Electric Pricing, in the Strategy and Regulation department of National Grid USA Service Company, Inc. ("NGSC"). NGSC provides engineering, financial, administrative and other technical support to subsidiary companies of National Grid USA ("National Grid"). NGSC's electric distribution subsidiaries in New England include Massachusetts Electric Company ("Mass. Electric") and Nantucket Electric Company ("Nantucket") each d/b/a National Grid (collectively, the "Company"). My current duties include performing rate-related services for the Company.
2. I am familiar with the Company's Grid Modernization Cost Filing in this docket ("Filing").
3. I have reviewed the Filing and the representations made in my testimony and exhibits therein are true and accurate to the best of my knowledge.

Signed under the pains and penalties of perjury,



Mindy Rosen

Date: March 13, 2020

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF PUBLIC UTILITIES**

)	
Massachusetts Electric Company and Nantucket)	
Electric Company d/b/a National Grid –)	D.P.U. 20-31
Grid Modernization Program Calendar Year 2019)	
Cost Recovery Filing)	
)	

**MOTION OF NATIONAL GRID FOR PROTECTIVE TREATMENT OF
CONFIDENTIAL INFORMATION**

Now comes Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid (“National Grid” or the “Company”) and hereby requests the Department of Public Utilities (the “Department”) to grant protection from public disclosure of certain confidential, competitively sensitive and proprietary information submitted in this proceeding in accordance with G.L. c. 25, § 5D. The Company requests that the Department protect from public disclosure information regarding vendor cost information and associated hours information in Exhibits WFJ-2 CONFIDENTIAL, WFJ-3 CONFIDENTIAL, WFJ-4 CONFIDENTIAL, WFJ-5 CONFIDENTIAL and WFJ--6 CONFIDENTIAL, as well as confidential bank account and routing information contained in copies of vendor invoices in Exhibits WFJ-5 CONFIDENTIAL and WFJ-6 CONFIDENTIAL (collectively, the “Confidential Documents”).

The Confidential Documents contain competitively sensitive pricing terms associated with the Company’s Grid Modernization Program (“Program”), including contractors’/vendors’ prices, hours and rates. Disclosure of the Confidential Documents would jeopardize the ability of the Company to ensure that customers are being served by the lowest cost option which would have an adverse impact on the Company’s customers. Further, the banking information disclosed on the vendor invoices is confidential and

sensitive information that the Company does not have the right to disclose. Disclosure of the banking information may expose the vendors and the Company to the potential harm of security breaches if publicly available.

I. LEGAL STANDARD

Confidential information may be protected from public disclosure in accordance with G.L. c. 25, § 5D, which states in part that:

The [D]epartment may protect from public disclosure, trade secrets, confidential, competitively sensitive or other proprietary information provided in the course of proceedings conducted pursuant to this chapter. There shall be a presumption that the information for which such protection is sought is public information and the burden shall be on the proponent of such protection to prove the need for such protection. Where the need has been found to exist, the [D]epartment shall protect only so much of the information as is necessary to meet such need.

In interpreting the statute, the Department has held that:

. . . [T]he burden on the company is to establish the need for protection of the information cited by the company. In determining the existence and extent of such need, the Department must consider the presumption in favor of disclosure and the specific reasons why disclosure of the disputed information benefits the public interest.

The Berkshire Gas Company et al., D.P.U. 93-187/188/189/190, at 16 (1994) as cited in Hearing Officers Ruling On the Motion of Boston Gas Company for Confidentiality, D.P.U. 96-50, at 4 (1996).

In practice, the Department has often exercised its authority to protect sensitive market information. For example, the Department has determined specifically that competitively sensitive information, such as price terms, are subject to protective status:

The Department will continue to accord protective status when the proponent carries its burden of proof by indicating the manner in which the price term is competitively sensitive. Proponents generally will face a

more difficult task of overcoming the statutory presumption against the disclosure of other terms, such as the identity of the customer.

Standard of Review for Electric Contracts, D.P.U. 96-39, at 2, Letter Order (August 30, 1996). See also Colonial Gas Company, D.P.U. 96-18, at 4 (1996) (the Department determined that price terms were protected in gas supply contracts and allowed Colonial Gas Company's request to protect pricing information including all "reservation fees or charges, demand charges, commodity charges and other pricing information").

Moreover, the Department has recognized that competitively sensitive terms in a competitive market should be protected and that such protection is desirable as a matter of public policy:

The Department recognizes that the replacement gas purchases . . . are being made in a substantially competitive market with a wide field of potential suppliers. This competitive market should allow LDC's to obtain lower gas prices for the benefit of their ratepayers. Clearly the Department should ensure that its review process does not undermine the LDC's efforts to negotiate low cost flexible supply contracts for their systems. The Department also recognizes that a policy of affording contract confidentiality may add value to contracts and provide benefits to ultimate consumers of gas, the LDC's ratepayers, and therefore may be desirable for policy reasons.

The Berkshire Gas Company et al., D.P.U 93-187/188/189/190, at 20 (1994).

II. BASIS FOR CONFIDENTIALITY

A. Contract/Vendor Cost Information

The information for which the Company is requesting confidential status meets the Department's requirements for protection. The Confidential Documents should be protected because the documents contain pricing and unit cost information derived from negotiations, business judgment, and other sources.

The costs included in this filing include costs for vendors/contractors hired to support the Program. The contractors/vendors were selected pursuant to competitive processes. The Department has protected pricing information from public disclosure historically, because the public release of terms discloses the very types of information that the Department has previously and consistently held to be confidential. The Department has recognized that release of pricing information in particular would seriously undermine the Company's negotiating position in the market, and thus jeopardize the ability of the Company to ensure that customers are being served by the lowest cost option. See, e.g., Western Massachusetts Electric Company, D.T.E. 99-101, at 3 (2002), citing Boston Edison Company, D.T.E. 99-16 (1999); Western Massachusetts Electric Company, D.T.E. 99-56 (1999). See also Canal Electric Company/Cambridge Electric Light Company/Commonwealth Electric Company, D.T.E. 02-34 (Tr. A at 19 (June 12, 2002)) and Cambridge Electric Light Company, D.T.E. 01-94 (May 9, 2002 Approval by the Department of Amended Motion of Cambridge Electric Light Company for a Protective Order).

Protection of the Confidential Documents allows the Company to procure the most cost-efficient resources to support its customers. Accordingly, the Company requests that the Department not require the Company to disclose its vendor/contractor pricing and information, and thus, provide potential vendors/contractors with a negotiating advantage that may lead to higher prices for the Company's customers than would otherwise be achievable.

Pursuant to Department precedent, the Company seeks protection for the competitively sensitive information for a period of two years from the date that a final

Order is issued in this proceeding.

B. Bank Account Information

The Company seeks to protect confidential banking information contained in copies of vendor invoices. Select invoices contain bank account information, including account numbers and routing numbers, for payment remittance. The banking information disclosed on the vendor invoices is confidential and sensitive information that the Company does not have the right to disclose. Disclosure of the banking information may expose the vendors and the Company to the potential harm of security breaches if publicly available. The vendors' banking information and the Company's banking information should be afforded confidential treatment. See National Grid, D.P.U. 17-GAF-O5, Hearing Officer Stamp Grant (Oct. 18, 2017) (granting motion dated Mar. 17, 2017); National Grid, D.P.U. 13-05, Hearing Officer Stamp Grant (June 20, 2013) (granting motion dated June 10, 2013 that included a request for protection of banking information disclosed in invoices).

Consistent with this precedent, the Company seeks protection from public disclosure for its vendors' banking information and the Company's banking information as confidential information. Unlike financial or competitive bidding information in which the competitive value and the harm caused by disclosure erodes over time, the harmful impact of disclosing these types of information does not abate or lessen within a set period of time. For these reasons, the vendors' banking information and the Company's banking information should be given confidential treatment in perpetuity. See National Grid, D.P.U. 17-GAF-O5, Hearing Officer Stamp Grant (Oct. 18, 2017)

(granting motion dated Mar. 17, 2017); Colonial Gas Company d/b/a National Grid,
D.P.U. 17- GC-06, Letter Order at 3.

To the best of the Company's knowledge, the redacted information in the Confidential Documents is not customarily available in the public domain and has not been publicly disclosed to other persons or to any other federal, state or local agencies.

III. CONCLUSION

For the reasons stated herein, the Company respectfully requests that the Department grant its Motion for Protective Treatment as requested herein.

Respectfully submitted,

**MASSACHUSETTS ELECTRIC
COMPANY AND NANTUCKET
ELECTRIC COMPANY D/B/A
NATIONAL GRID**

By its attorney,



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Date: March 13, 2020

**THE COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF PUBLIC UTILITIES**

Massachusetts Electric Company and Nantucket)	
Electric Company d/b/a National Grid -)	
Grid Modernization Program Calendar Year 2019)	D.P.U. 20-31
Cost Filing)	

NOTICE OF APPEARANCE

In the above-entitled proceeding, I hereby appear for and on behalf of Massachusetts Electric Company and Nantucket Electric Company each d/b/a National Grid.



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Date: March 13, 2020

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF PUBLIC UTILITIES**

_____)
Massachusetts Electric Company and Nantucket)
Electric Company each d/b/a National Grid –)
Grid Modernization Program Calendar Year 2019)
Cost Recovery Filing)
_____)

D.P.U. 20-31

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused to be served the foregoing documents in the above-referenced docket upon all parties of record in this proceeding, in accordance with the requirements of 220 C.M.R. 1.05 (Department's Rules of Practice and Procedure), by hand delivery and/or first-class mail and/or electronically (as appropriate), and E-Filing.

MASSACHUSETTS ELECTRIC COMPANY
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Date: March 13, 2020