

State of Rhode Island

Public Utilities Commission

Minutes of Open Meeting Held on March 29, 2022

An Open Meeting of the Public Utilities Commission (Commission or PUC) was held Wednesday, March 29, 2022, at 10:00 A.M. in Hearing Room A, 89 Jefferson Boulevard, Warwick, Rhode Island to discuss, deliberate, and/or vote on the following dockets.

In attendance: Chairman Ronald Gerwatowski, Commissioner Abigail Anthony, Commissioner John Revens, Patricia Lucarelli, Cynthia Wilson-Frias, John Harrington, Alan Nault, Todd Bianco, Emma Rodvien, Christopher Smith and Luly Massaro.

I. Chairman Gerwatowski called the Open Meeting to order at 10:00 A.M. A quorum was present.

II. **Renewable Energy Resource Eligibility Applications** – The Commission reviewed the applications submitted in the following dockets. Commission consultant recommended full approval of the applications.

- **Docket No. 5225 – GD Johnston Scituate I, LLC’s** application for eligibility of the GD Johnston Scituate I, LLC generation unit, a 4.250 MW AC (4.67532 MW DC) solar facility located in Johnston, Rhode Island as a New Renewable Energy Resource.
- **Docket No. 5226 – Green Providence Wind I, LLC’s** application for eligibility of the Green Providence Wind I, LLC generation unit, a 1.5 MW AC wind facility located in Providence, Rhode Island as a New Renewable Energy Resource.
- **Docket No. 5227 – Green Providence Wind II, LLC’s** application for eligibility of the Green Providence Wind II, LLC generation unit, a 3.0 MW AC wind facility located in Providence, Rhode Island as a New Renewable Energy Resource.

After review, Chairman Gerwatowski moved to accept the consultant’s recommendation to approve the applications. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.**

III. **Docket No. 5224 – Narragansett Bay Commission (NBC)** – In this docket NBC filed a petition for approval to recover costs associated with the payment of credit card, debit card and voice transaction fees (Electronic Payment Transaction Fees). NBC seeks approval to recover \$617,810.05 for Electronic Payment Transaction fees incurred from April 1, 2020 to December 31, 2021 and any fees incurred thereafter until the PUC renders a decision in this docket. NBC also seeks to recover \$585,984 per year on an ongoing forward basis to cover Electronic Payment Transaction Fees. After a review of the record, the following votes were made:

Chairman Gerwatowski moved to approve the request for authority to transfer the actual accrued total of waived electronic payment processing fees incurred from the month ending April 30, 2020, through March 31, 2022. Commissioner Revens seconded the motion and the motion unanimously passed. **Vote 3-0.**

Chairman Gerwatowski moved to require NBC to make a compliance filing within 30 days of the transfer to support the total transferred. Commissioner Anthony seconded the motion and the motion unanimously passed. **Vote 3-0.**

Chairman Gerwatowski moved that NBC's request to adjust rates upwards by \$585,984. Commissioner Revens seconded the motion and the motion unanimously passed. **Vote 3-0.**

Chairman Gerwatowski moved that NBC make a reconciliation filing by April 15, 2023 if both of the following conditions are met: (1) NBC does not file a rate case by December 31, 2022 and (2) NBC has realized an over- or under-collection of the waived fees in excess of \$10,000. Commissioner Anthony seconded the motion and the motion unanimously passed. **Vote 3-0.**

IV. Docket No. 5192 – Block Island Utility District (BIUD) – In this docket, BIUD submitted on October 26, 2022, a proposed net metering tariff designed to implement the provisions of R.I.G.L. § 39-26.4-3 by increasing the maximum aggregate amount of net metering from the existing cap of 3% of BIUD's peak load to a higher cap of 10% of BIUD's peak load.

The Chairman summarized the travel of the docket, the application of the utility's proposed tariff and the utility's existing tariff. During the discovery process, BIUD agreed to certain edits and minor changes to its proposed tariff. The Chairman found that there is sufficient evidence in the record to act upon the new tariff. Other issues arose during the proceedings related to the utility's existing net metering policy which BIUD wished to keep in place. Namely, it was determined the utility has not been administering its current policy consistent with the actual terms expressed in the existing policy. A significant issue related to a provision in the policy which indicated that a net metering customer will not be given credits for output of the net metering facility that exceeds 125% of a customer's usage. The record indicates that BIUD ceased enforcing this provision without changing the policy provision sometime prior to 2018. There are also other ambiguities in how the tariff was administered. The tariff does not specify how the avoided cost rate is calculated, does not contain clear definitions and contains administrative issues associated with existing policy that need clarification.

Chairman Gerwatowski summarized the amendments to the proposed tariff:

- a. Division edits - The Division recommends updating the term "Standard Offer" in the proposed tariff's definition of Generation Credit on page 1 to "Last Resort Service." BIUD agreed.
- b. Page 2, Amend paragraph 1 of General Provisions to the following: "This tariff applies to Net Metering Systems installed after December 31, 2020 and to Net Metering Systems installed on or before December 31, 2020 when the consumer member replaces, or upgrades which increases the rated nameplate DC output of the Net Metering System."
(This leaves the current policy in place but applies the new tariff to installations installed on and after the effective date plus those under the

current policy that are increased. The bolded words were specifically agreed to at the hearing.)

- c. Page 2, Amend paragraph 2 to change “Policy” to “Tariff” (also if “policy” shows up anywhere else, it should be changed to “tariff”)
- d. Page 2, Amend paragraph 6 of General Provisions to remove the reference to “approximately 500 kW”.

Chairman Gerwatowski moved to approve the amendments to the proposed tariff. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.**

Commissioner Gerwatowski moved to approve BIUD’s request to reimburse residential customers up to \$1,000 towards the cost for a second installed meter. Commissioner Revens seconded the motion and the motion was unanimously passed. Commissioner Anthony dissented. **Vote 2-1.** Commissioner Anthony supported disallowing the request because it is inconsistent with the utility’s testimony that their members are seeking to avoid subsidies borne by customers who do not net meter. It’s an interconnection cost that interconnection customers can pay.

Commissioner Anthony moved that the BIUD be required to submit a compliance filing that includes a queue management plan and also report back to the Commission within 6 months on how the implementation of the queue management plan . The plan should address transparency, including on the 125% of generation limitation and 10% calculation of capacity and length of time projects can stay in the queue. Commissioner Revens seconded the motion and the motion was unanimously passed. **Vote 3-0.**

Chairman Gerwatowski moved to approve BIUD’s proposed tariff as modified. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.** BIUD shall file a compliance filing incorporating the amendments.

Chairman Gerwatowski moved to require BIUD to file a tariff advice to address issues raised at the hearing and this open meeting with respect to the existing tariff and that BIUD make that filing within 60 days and meet the burden of proof for having the different tariff for existing customers. Commissioner Revens seconded the motion and the motion was unanimously passed. **Vote 3-0.**

Commissioner Anthony commented regarding her expectation that when BIUD files the tariff advice, it should consider whether the existing net metering policy will be maintained or changed. If it proposes that the existing policy should be maintained, she will be looking for a high bar of evidence from the utility to support that proposal. BIUD supported approval of the existing policy because existing customers had made investments decisions based on it. If BIUD is going to file and requests that the existing netting methodology stay in place, Commissioner Anthony wants BIUD to address what proportion of the system is fully paid off on the island; address the circumstance that their entire rate structure has changed; if

it maintains the existing netting methodology for existing customers, will this clear up customer confusion? If BIUD continues to propose to eliminate the 125% limit on crediting generation policy, she will be examining the consistency of proposing that change but maintaining everything else against the argument that customers made their investments decision based on a policy when the utility changed the application to the policy. The burden of proof is on the utility.

V. **Docket No. 4604 – RI Distributed Generation Board (DG Board)** – This docket relates to the Commission consideration of the DG Board’s budget requests to conduct quality assurance studies and provide training on Renewable Energy Growth Program installations. On January 4, 2022, the DG Board file a budget request for an amount not to exceed \$159,940 to perform the 2022 Renewable Energy Quality Assurance Field Case Studies and Report. After consideration, Chairman Gerwatowski move to approve the DG Board’s request. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.**

VI. **Docket No. 5202 - The Narragansett Electric Co. d/b/a National Grid and RI Distributed Generation Board** - The docket relates to the proposals by National Grid and the Rhode Island Distributed Generation Board (DG Board) for the 2022 Renewable Energy Growth Program (RE Growth) submitted pursuant to R.I. Gen. Laws 39-26.6-1 et seq. National Grid submitted proposed modifications to the Company’s RE Growth Program and Tariffs and Solicitation and Enrollment Process Rules. The DG Board recommended ceiling prices, renewable energy growth classes and capacity targets for the 2122 RE Growth Program year. After a summary and review of the outstanding issues, the following votes were taken:

Commissioner Anthony moved to adopt all the classes as recommended by the DG Board with the exception of the Medium Solar I and Medium Solar II; and to approve a Medium Solar class of >25 to 250 kW. Commissioner Revens seconded the motion and the motion was unanimously passed. **Vote 3-0.**

Commissioner Anthony moved to approve all targets as recommended by the DG Board with the exception of the Medium Solar I and Medium Solar II class and approve an allocation of 5 MW to the Medium Solar class. Commissioner Revens seconded the motion and the motion was unanimously passed. **Vote 3-0.**

Commissioner Anthony moved to approve all the ceiling prices as recommended by the DG Board, except for the ceiling price for Medium Solar I and Medium Solar II. and approve a ceiling price of 24.45¢ per kWh for the Medium Solar class. Commissioner Revens seconded the motion and the motion was unanimously passed. **Vote 3-0.**

Commissioner Anthony moved that the Commission instruct the DG Board to further investigate and address the issues of post tariff compensation and taxable compensation in next year’s filing. Commissioner Revens seconded the motion and the motion was unanimously passed. **Vote 3-0.**

Chairman Gerwatowski moved to approve National Grid's tariffs and enrollment rules as proposed with the modifications made to the DG Board's proposals on classes, ceiling prices, and targets. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.**

- VII. **Docket No. 5210 – The Narragansett Electric Co. d/b/a National Grid** – This docket relates to National Grid's proposed Gas Infrastructure, Safety and Reliability (ISR) Plan for FY 2023 submitted December 17, 2021. The Gas ISR Plan is designed to maintain and improve the safety and reliability of the Company's gas distribution system. The Plan includes a budget that is collected through implementation of ISR rates.

After review, the Commission deliberated on the outstanding issues below:

Regarding the Proactive Main Replacement Program

- (a) Chairman Gerwatowski moved that the Commission shall continue the hearings to a date to be determined to continue its review of the Company's lag in performance regarding the timing of abandoning leak-prone pipes that are intended to be replaced in the Proactive Main Replacement Program, including a review of the reasons for the lag, the apparent lack of incentive for timely abandonment, and the ratemaking implications relating to the application of the used and useful standard. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.**
- (b) Chairman Gerwatowski moved that the revenue requirement which includes forecasted recovery for main replacements scheduled for FY 2023 is conditionally approved for inclusion in rates, subject to refund and subject to the Commission's further review. Commissioner Revens seconded the motion and the motion was unanimously passed. **Vote 3-0.**

Ownership of Enhanced Heaters at Wampanoag and Tiverton Take Stations

- (c) Chairman Gerwatowski moved that the Company is ordered to make a filing by no later than May 2, with pre-filed testimony and a benefit/cost analysis, supporting the prudence of owning the referenced enhanced heaters at the Wampanoag and Tiverton Take Stations, compared to Enbridge owning the enhanced heaters. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.**
- (d) Chairman Gerwatowski moved that revenue requirement which includes forecasted recovery for the enhanced heaters being placed into service at the Wampanoag and Tiverton Take Stations scheduled for FY 2023 is conditionally approved for inclusion in rates, subject to refund and subject to Commission's further review. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.**

ISR Plan and Budget

- (e) Chairman Gerwatowski moved to approve the Company's Gas ISR Plan and budget including the Division's recommendation on February 18, 2022, except

recommendation #5 relating to PPL. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.**

Docket No. 5209 – The Narragansett Electric Co. d/b/a National Grid – This docket relates to National Grid’s proposed Electric Infrastructure, Safety and Reliability (ISR) Plan for FY 2023 which was submitted December 20, 2021. The Electric ISR Plan is designed to maintain and improve the safety and reliability of the Company’s electric distribution system. The ISR Plan includes a budget that is collected through ISR rate factors.

The Commission summarized outstanding issues and noted that it will schedule technical sessions in May on questions related to system planning. Chairman Gerwatowski discussed an issue related to the Dyer Street substation project that had arisen in the filing. It appears that the project currently labeled as the Dyer Street substation project is different from the one previously reviewed by the Commission. However, the Company appears to be assuming it will receive cost recovery of the first project as part of the new project proposal as capitalized costs upon which it will be allowed to earn a return. However, the Chairman noted that under ratemaking principles, once a project is abandoned, ratemaking principles require the costs to be recorded as an operating expense. He indicated that just because a cost is prudently incurred, that doesn’t make it a capital expense which may automatically be included in rate base as capital upon which the Company can earn a return. The Company has to make the case to seek recovery of these costs because it does not appear appropriate to record these costs as capital expense. When the South Street station is completed, the Company needs to provide clear and granular data that separates out the costs associated solely with the Dyer Street project and those associated with the South Street project. If the Company wants to recover any of the costs associated with the abandoned project, they need to make a case. Commissioner Anthony stated that she might feel even more strongly about the cost recovery question if the Company seeks to recover those costs, questioning why these costs would not be part of base distribution rates.

Another issue that arose was the recovery of Contribution in Aid of Construction (CIAC) costs associated with Distributed Generation (DG) interconnections where the Company did not collect 100% of the costs to interconnect from the DG customer. The Company indicated that it would be further reviewing the issue and accounting practices and would endeavor to provide a report to the Commission by August 1, 2023 in conjunction with its ISR Reconciliation filing. Chairman Gerwatowski moved to require National Grid to include in its review all DG projects for which the CIAC did not cover the full cost of the project, the reasons why, and the impact on rate base and the associated revenue requirement. The report shall be filed no later than August 1, 2022 with the Reconciliation of the of Electric ISR filing with all necessary adjustment to any ISR revenue requirement/reconciliation explained and highlighted. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.** The Commission clarified that the motion is not a ruling on the propriety of recovering

the interconnection costs until the Commission has had the chance to review the Company's report.

After review of the record, Chairman Gerwatowski moved to approve the Company's ISR plan, budget and revenue requirement, including adoption of the Division's recommendation. Commissioner Revens seconded the motion and the motion was unanimously passed. **Vote 3-0.**

Commissioner Anthony noted the vegetation management is getting more expensive. As vegetation management contracts are coming in over the course of this year and they are planning for next year, she hopes the Company and the Division examine choices to accelerate, delay, modify or otherwise adjust their cycle pruning or other tree management programs based on current forecast and future production costs. She would like more discussion on this next year and would be looking for the Company to reflect on the choices made this year.

VIII. Docket No. 4686 - The Narragansett Electric Co. d/b/a National Grid – This docket relates to National Grid's Storm Fund Replenishment Factor (SFRF) designed to collect funds to replenish the Company's Storm Contingency Fund. A Joint Petition between National Grid and the Division of Public Utilities and Carriers was submitted February 23, 2022. The petition requests approval for a new Storm Fund Replenishment Factor to reduce the Storm Fund deficit which now has an approximate \$160 million deficit. The Division supports approval of the petition and that the factor be increase by \$0.005 to \$0.00788 per kWh for effect April 1, 2022. Noting that there is a significant deficit, Chairman Gerwatowski moved to approve the petition. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.**

IX. Docket No. 4978 - The Narragansett Electric Co. d/b/a National Grid – This docket relates to National Grid's Last Resort Service (LRS) rates submitted pursuant to the LRS Procurement Plan for 2021, approved by the Commission on July 23, 2020. On January 19, 2022, National Grid filed proposed base Last Resort Service (LRS) rates for the Residential Group and Commercial Group for the period of April 2022 through September 2022, and Industrial Group for the period of April 2022 through June 2022. These rates represent a decrease from currently effective rates. The filing includes a motion for protective treatment of confidential procurement records. The Division submitted a memorandum summarizing its review and finding that National Grid's proposed Last Resort Service rates are correctly calculated and comply with the approved Last Resort Procurement Plan on July 23, 2020. After a review, the following motions were made:

Chairman Gerwatowski moved to grant the Company's request for protective treatment of confidential pricing transaction data. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.**

Chairman Gerwatowski moved to approve the Company proposed LRS rates as filed effective April 1, 2022. Commissioner Revens seconded the motion and the motion was unanimously passed. **Vote 3-0.**

Chairman Gerwatowski discussed concerns relating to rates for next winter. He expressed concern that rates for electricity and nature gas will increase significantly. He summarized the utility's current procurement process and portfolio for next winter. The utility procures parts of its portfolio at different times, so when the price of electricity is rising, RI's rates don't increase as fast as the market, but there is a lag before we see the real impacts. This process insulates Rhode Island ratepayers from the immediate effect of wholesale price increases because we procure a portion of the electricity in advance. Presently, it is forecasted that prices will continue to rise and based upon the testimony of a National Grid witness at the hearing, the LRS residential rate is forecasted to approach 15.5¢ per kWh next winter. Based on our current procurement portfolio, it is likely that prices will range from 12¢ to 15¢ per kWh for next winter, starting October 1. He raised this now because this could be rate shock, and it could be difficult for ratepayers to pay their bills next winter.

- X. **Docket No. 5190 - The Narragansett Electric Co. d/b/a National Grid** – This docket relates to National Grid's 2022 Renewable Energy Standard (RES) Procurement Plan. The Commission will review the record and vote on the Company's proposed RES Charge of \$0.00721 per kWh and reconciliation filing for effect April 1, 2022. The filing includes a motion for protective treatment of confidential attachment to the filing. The Division submitted a memorandum summarizing its review and finding that National Grid's RES Charge is correctly calculated and recommends approval. After review, the following motions were made:

Chairman Gerwatowski moved to approve the Company's request for confidential treatment of confidential attachment. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.**

Chairman Gerwatowski moved to approve the Company's proposed RES charge of \$0.00721 per kWh for effect April 1, 2022. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.**

- XI. **Docket No. 5234 - The Narragansett Electric Co. d/b/a National Grid** – On February 15, 2022, National Grid submitted its Annual Retail Rate Filing consisting of proposed rate changes arising out of the reconciliations of the Company's Last Resort Service (LRS), LRS administrative costs, the non-bypassable transition charge, transmission service, the transmission-related uncollectible expense, the Net Metering charge, and the Long Term Contracting (LTC) for Renewable Energy Recovery Factor. The Company proposed the rate changes to take effect April 1, 2022. The Commission reviewed the outstanding issued and the following motions were made.

Commissioner Gerwatowski moved to approve the proposed Net Metering Charge subject to refund pending an examination of the administration of the net metering program and charge. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.**

Chairman Gerwatowski moved to approve the proposed transmission charges as shown in the Company's responses in post-hearing data request PUC 4-12 that includes the additional \$6,388,815 of forecasted transmission expense evidenced in the response to post-hearing data request PUC 4-9 and 4-10. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.**

Chairman Gerwatowski moved to approve all of National Grid's factors, charges and adjustment for effect April 1, 2022 as modified by votes made. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.**

- XII. There being no further business to discuss, the Chairman adjourned the Open Meeting at 12:08 P.M. A web video of the Open Meeting discussion can be accessed at <https://video.ibm.com/recorded/131539302>.