

**State of Rhode Island**

**Public Utilities Commission**

**Minutes of Open Meeting Held on June 21, 2022**

An Open Meeting of the Public Utilities Commission (Commission or PUC) was held Tuesday, June 21, 2022, at 1:30 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, Cynthia Wilson Frias, Todd Bianco and Luly Massaro.

- I. Chairman Gerwatowski called the Open Meeting to order at 1:30 P.M. A quorum was present.
- II. **Docket No. 4604 – RI Distributed Generation Board (DG Board)** - This docket relates to the Commission’s review of budget requests to fund the development of ceiling prices for the Renewable Energy Growth (REG) Program. The DG Board submitted a budget request of \$77,557 to perform ceiling price development for the 2023 REG Program Year. The Division submitted a memorandum summarizing its review and did not object to the budget request. There being no objection, Commissioner Anthony moved that the PUC moved to approve OER’s request. Chairman Gerwatowski seconded the motion and the motion was unanimously passed. **Vote 3-0.**
- III. **Docket No. 5244 – Block Island Utility District (BIUD)** – This docket relates to the Block Island Utility District’s 2022 Demand Side Management Plan. BIUD submitted a compliance filing incorporating the Commission’s May 19, 2022 Open Meeting decision. After review, Commissioner Revens moved to approve the compliance filing with the comments by Commission Counsel. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.**
- IV. **Docket No. 4994 – Providence Water Supply Board** - This docket relates to Providence Water’s compliance filings under the Multi-Year Rate Plan approved by the Commission (in Order No. 23928) and required pursuant to R.I.G.L. § 39-15.1-4.

The Commission deliberated on the two outstanding matters: 1) Providence Water’s April 1, 2021 Cost of Service Study (COSS) hydraulic model, filing that addresses the allocation of costs to wholesale customers. Specifically, the COSS was to address the allocation of costs associated with the central operations facility, the allocation of the cost of non-revenue water, the allocation of pumping costs and the allocation of unidirectional flushing costs. Bristol County Water Authority (BCWA) also filed a motion to exclude Providence Water’s hydraulic model from consideration by the PUC; and 2) Providence Water’s May 2, 2022 Petition to Amend Multi-Year Rate Plan to delay implementation of the Step Three increase

from July 1, 2022 to July 1, 2023. No objection was filed to Providence Water's petition.

Chairman Gerwatowski summarized the travel of the docket and the record. Providence Water proposed to change the method to using the hydraulic model. A map of the transmission water system showed a distinction of two wholesale customers. The wholesale customers in the north were using all of the system to some degree and needed pumping to receive water from the reservoir; while the wholesale customers in the south were basically on gravity only and that certainly had a cost effect with it. This confirmed that it was reasonable to do something different with the wholesale rates, it also indicated that there are two classes of wholesale customer. The Chairman circulated a schedule that showed a comparison of the rates among the customers. Based on the record, he is not ready to approve the motion to delay Providence Water's step increase without providing guidance to the utility because we have questions remaining. We could provide guidance, not today but long before they file the next step increase. He would like to see what the rates would look like if Providence Water recalculates the wholesale rates into two classes, it would not be a new COSS, the math would be done differently. Intuitively, keeping wholesale rate separate in two categories makes sense.

Commission Anthony summarized her review of the record and arguments of the parties on the use of the hydraulic model. There was nothing disqualifying in the record from using this hydraulic model. She could find that the model is a legitimate use for cost allocation purposes. Providence Water did show that the hydraulic model is providing a more granular understanding of how wholesale customers are impacting and receiving benefits from the T&D labor costs, the non-revenue water and unidirectional flushing which were all contested issues in the original case going back to 2020. It has the benefit of providing an accurate view of how those costs are being incurred.

Looking back in the record, BCWA was explaining that it has made investments in their water system to reduce peak consumption, investments like storage. Reflecting on her review and thinking about the forward going cost, Commissioner Anthony queried why BCWA made those investments if they were receiving one wholesale rate, and what price signals was telling them to make the investments in storage? It was unclear why they were making the investment when they were not getting a price signal telling them to make the investment. Nevertheless, we are looking forwarding and she wants to understand, that if we are sending price signals to wholesale customers, then the customer should be able to respond to the price signal in a way that ultimately lowers their costs, lowers system costs.

Commissioner Anthony opined that if we use a hydraulic model to create even more accurate price signals, more accurately capturing how customers are using the system, then we would hope that they would be able to respond in a more accurate way in that those customers would see a benefit, and the system as a whole will see

a benefit to them responding more accurately than just sending one wholesale price signal.

Commissioner Revens noted the map clearly supports the idea of applying the hydraulic model to rates, idea of possible reducing the number of rate categories suggested by the Chairman makes sense, the exhibit schedule (from the Chairman) boldly shows that the community that is on gravity is paying more than the other communities that are near the pumping service area. He reviewed the notes and record from prior hearing. He agreed that we need to give parties guidance to what we are thinking and get more information.

After discussion, the following motions were made:

Chairman Gerwatowski moved to deny BCWA's Motion in Limine to exclude all evidence and data from the Hydraulic Model. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.**

Chairman Gerwatowski moved to grant the Providence Water's request to delay the Third Step rate increase until July 1, 2023. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.**

Chairman Gerwatowski moved to that Providence Water be required to file a compliance filing regarding the revenue requirement in Step 3 no less than 60 days prior to the requested effective date. Commissioner Revens seconded the motion and the motion was unanimously passed. **Vote 3-0.**

With respect to the COSS, since the rates are not changing, Chairman Gerwatowski moved to not alter the wholesale rates at this time. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.**

At this point, the Commission would like more information from Providence Water. The Commission requested for additional information regarding what the rates would look like if Providence Water had a high service area rate and a low service area rate, that would be Greenville, Lincoln, Smithfield blended rate, and BCWA, East Providence, KCWA and Warwick blended rate. The Chairman believes that creating two separate wholesale class makes sense and is interested to see rate variations of how the numbers fall because it relates to the issue of gradualism, what the rate would look like with the 12% cap, what it would look like with the full COS. How dramatically it impacts the community is important the way the rates are designed. Commissioner Anthony wants to make sure she understands whether the customers can respond to these price signals in a productive manner. The Commission agreed to be in same direction that two separate rates seems to make more sense and that there are no unintended consequences.

- V. **Docket No. 4770 - The Narragansett Electric Company d/b/a Rhode Island Energy (Company)** – The Commission reviewed the Company's March 8, 2022 Performance Incentive Factor (PIF) Filing. The PIF is submitted pursuant to the

Company's Performance Incentive Recovery Provision approved the PUC in this docket. The Company proposed a PIF Factor of \$0.00012 per kWh for effect July 1, 2022. The Division filed a position memorandum concluding the Company has met the criteria for the maximum System Efficiency incentive of \$944,141 for calendar year 2021 and correctly calculated the related PIF Factor. The Division recommended approval of the Company's proposed Performance Incentive Factor. After review, Chairman Gerwatowski moved to approve the Company's proposed Performance Incentive Factor. The motion was seconded by Commissioner Revens and unanimously passed. **Vote 3-0.**

- VI. **Docket No. 5201 - The Narragansett Electric Company d/b/a Rhode Island Energy (Company)** – The Commission reviewed the record relating to the Company's proposed Long-Term Contracting (LTC) for Renewable Energy Recovery factor for the period July 1, 2022 through December 31, 2022. The Company proposes a LTC recovery factor that is a credit of \$0.008 per kWh. The Division submitted a position memorandum finding the LTC recovery factor filing calculations are correct, in accordance with the LTC for Renewable Energy Recovery provision and recommended approval of the Company's proposed LTC recovery factor. After review, Chairman Gerwatowski moved to approve the Company's proposed Long-Term Contracting Charge. The motion was seconded by Commissioner Anthony and unanimously passed. **Vote 3-0.**
- VII. **Docket No. 5258 - The Narragansett Electric Company d/b/a Rhode Island Energy (Company)** – The Commission reviewed the record relating to the Company's annual Revenue Decoupling Mechanism (RDM) reconciliation filing for the 12-month period ending March 31, 2022 and proposed RDM adjustment factor of (\$0.00003) per kWh. The effective date of the proposed factor is July 1, 2022. The Division submitted a memorandum finding the Company correctly calculated the proposed RDM adjustment factor and recommended approval as submitted. After review, Chairman Gerwatowski moved to approve the Company's RDM factors as filed. The motion was seconded by Commissioner Anthony and unanimously passed. **Vote 3-0.**
- VIII. **Docket No. 5259 - The Narragansett Electric Company d/b/a Rhode Island Energy (Company)** - The Commission reviewed the record regarding the Company's proposed Residential Assistance Recovery Filing and associated factors for effect July 1, 2022. The filing includes proposed Arrearage Management Adjustment Factor (AMAF) and proposed Low-Income Discount Recovery Factor (LIDRF), both of which are covered by the Company's Residential Assistance Provision (RAP). The Division submitted a position memorandum concluding the Company's AMAF and LIDRF calculations are correct and recommended approval of the proposed AMAF of \$0.00007 per kWh and LIDRF of \$0.00238 per kWh effective July 1, 2022. After review, Commissioner Anthony moved to approve the Company's proposed factors as filed. The motion was seconded by Commissioner Revens and unanimously passed. **Vote 3-0.**

IX. **Docket No. 4933 – Newport Water Division** - This docket relates to Newport Water’s compliance filing under the Multi-Year Rate Plan approved by the Commission (in Order No. 23855) and required pursuant to R.I.G.L. § 39-15.1-4. Newport Water filed to collect additional revenues in the amount of \$906,047 per year under the second step and final phase of the multi-year rate plan approved by the Commission. After consideration, Commissioner Anthony moved that the Commission allow Newport Water Division to collect an additional \$906,047 per year beginning effective July 1, 2022 for increased debt service under the second and final phase of the Multi-Year Rate Plan originally approved by the PUC in Docket 4933. Commissioner Revens seconded the motion and the motion was unanimously passed. **Vote 3-0.**

X. **Docket No. 5254 – Newport Water Division** – Newport Water petitioned for approval of new rates to recover costs associated with the payment of credit card, debit card and voice transaction fees (Electronic Payment Transaction Fees). Newport Water seeks to recover \$106,918.48 for Electronic Payment Fees incurred on behalf of customers from July 1, 2020 to February 28, 2022, and any fees incurred thereafter until the date of the Commission’s decision in this docket. Newport Water also seeks to recover \$74,400 per year on a going forward basis to cover the payment of these fees on an annual basis.

After review, Commissioner Anthony moved that the Commission allow Newport Water to recover electronic payment fees incurred on behalf of customers from July 1, 2020 to June 30, 2022 by withdrawing the amount of the fees from the restricted revenue reserve account. Commissioner Revens seconded the motion and the motion was unanimously passed. **Vote 3-0.**

Commissioner Anthony moved that the Commission allow Newport Water to recover \$74,400 per year to cover the cost of electronic payment fees on an ongoing basis subject to the true-up methodology agreed to by the Division and Newport Water as documented in Newport Water’s response to Division Record Request 5. Commissioner Revens seconded the motion and the motion was unanimously passed. **Vote 3-0.**

XI. **Renewable Energy Resource Eligibility Applications** – The Commission reviewed and voted on the applications submitted in the following dockets:

In Docket Nos. 5241, 5250, 5251 and 5257, PUC consultant recommended approval. After review, Chairman Gerwatowski moved to accept the consultant’s recommendation to approve the applications. The motion was seconded by Commissioner Anthony and unanimously passed. **Vote 3-0.**

**Docket No. 5241 – Shannock Solar LLC’s** application for eligibility of the Shannock Solar, LLC’s generation unit, a 0.200 MW AC (0.24910 MW DC) solar facility located in Richmond, Rhode Island as a New Renewable Energy Resource.

**Docket No. 5250 – West Shore Solar LLC’s** application for eligibility of the West Shore Solar LLC generation unit, a 4.990 MW AC (6.7715 MW DC) solar facility located in Portsmouth, Rhode Island as a New Renewable Energy Resource.

**Docket No. 5251 – Kearsarge SKSC Canopy LLC’s** application for eligibility of the Kearsarge SKSC Canopy generation unit, a 1.0 MW AC (1.48554 MW DC) solar facility located in Kingston, Rhode Island as a New Renewable Energy Resource.

**Docket No. 5257 – Shore Solar, LLC 2’s** application for eligibility of the Shore Solar LLC 2 generation unit, a 4.0 MW AC (4.40182 MW DC) solar facility located in Johnston, Rhode Island as a New Renewable Energy Resource.

The facilities in Docket Nos. 5252 and 5255 have not yet achieved commercial operations. PUC consultant recommended conditional approval. After review, Chairman Gerwatowski moved to accept the consultant’s recommendation to conditionally approve the applications: The motion was seconded by Commissioner Anthony and unanimously passed. **Vote 3-0.**

**Docket No. 5252 – ER Salvage Yard, LLC’s** application for eligibility of the ER Salvage Yard, LLC generation unit, a 2.1 MW AC (2.530 MW DC) solar facility located in Morristown, Vermont as a New Renewable Energy Resource.

**Docket No. 5255 – Festival Field Preservation LP’s** application for eligibility of the Festival Field generation unit, a 0.33120 MW AC (0.44160 MW DC) solar facility located in Kingston, Rhode Island as a New Renewable Energy Resource.

- XII. There being no further business to discuss, the Chairman adjourned the Open Meeting at 2:20 P.M. A web video of the Open Meeting discussion can be accessed at <https://video.ibm.com/recorded/131874918>.