

KEEGAN WERLIN LLP

ATTORNEYS AT LAW
99 HIGH STREET, SUITE 2900
BOSTON, MASSACHUSETTS 02110

—
(617) 951-1400

TELECOPIER:
(617) 951-1354

January 30, 2023

Luly E. Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

Re: In re: Investigation of Misconduct by The Narragansett Electric Company Relating to Past Payments of Energy Efficiency Program Shareholder Incentives
Docket No. 22-05-EE

Dear Ms. Massaro:

I write on behalf of National Grid USA (“National Grid”), in response to the motion to dismiss filed by the Division of Public Utilities and Carriers (“Division”) on January 19, 2023. National Grid appreciates the Division’s interest in moving forward with the issues under examination in this proceeding. However, National Grid respectfully responds that its investigation into the issues under consideration in this docket is ongoing, with substantial work completed and more work underway. National Grid remains on schedule to present detailed findings and documentation resulting from the investigation to the Public Utilities Commission (“Commission” or “PUC”) and the Division by March 1, 2023 (“March 1 Report”). Therefore, National Grid respectfully requests that this work be allowed to continue and that any additional steps be considered after National Grid submits the March 1 Report.

When National Grid and The Narragansett Electric Company (“Narragansett”) first learned of the matter that ultimately became the subject of this docket, Narragansett made prompt and proactive notification to both the Commission and the Division and provided periodic updates thereafter (see, e.g., Division 1-15). Upon the sale of Narragansett to PPL Rhode Island Holdings, LLC (“PPL Rhode Island”), the Commission and Division retained jurisdiction over Narragansett, as provided by law, while authority and control over National Grid or its affiliates was relinquished. Nevertheless, National Grid has remained committed to reasonable cooperation with Narragansett in making information available, as needed, and to providing support to Narragansett in any proceedings, technical sessions, or working group meetings before the Commission (see PUC Post-Decisional 1-2 Supplemental, Docket No. 5189). Effective at the closing of the transaction (May 25, 2022), National Grid also entered into a Cooperation Agreement with PPL Corporation and PPL Rhode Island that supports National Grid’s ongoing involvement in this proceeding (see PUC Post-Decisional 1-2 Second Supplemental, Docket No. 5189).

The Commission's investigation started within Docket No. 5189, regarding Narragansett's 2022 Annual Energy Efficiency Plan. After Narragansett responded to discovery requests and issued a report in Docket No. 5189 entitled "Review of Invoices within the Rhode Island Energy Efficiency Program" dated June 7, 2022 ("June 7, 2022 Report"), the Commission opened Docket No. 22-05-EE ("Docket 22-05-EE") on July 11, 2022. National Grid voluntarily intervened in Docket 22-05-EE to continue its participation in the Commission and Division's investigatory process. Since the opening of Docket 22-05-EE, the Division has issued 130 discovery requests and the Commission has issued one discovery request in this docket, in addition to the 16 discovery requests issued in Docket No. 5189 related to the investigation, for a total of 147 discovery requests issued related to the investigation in Docket 22-05-EE. In turn, Rhode Island Energy and National Grid have conducted substantial research and analysis to respond to the discovery requests.

In addition to responding to the discovery propounded by the Commission and the Division, National Grid has continued its internal investigation to support achievement of an ultimate resolution of this matter through the regulatory proceeding in this docket. The ongoing work has focused on: (1) identifying the scope of the out-of-period invoicing; and (2) more precisely assessing the impact of the conduct on customers. As of this date, National Grid is diligently progressing with the work summarized in response to Data Request Division 9-1 (attached hereto as Exhibit A). National Grid is working with a forensic consultant to perform an expanded transaction analysis and has conducted additional retrieval, screening, and examination of electronic media. This additional work is approaching completion.

In the response to Division 9-1, National Grid made a "firm commitment, to provide a comprehensive compilation of the facts discovered through this investigation" to the Commission and Division at the earliest opportunity (Exhibit A). Further, the response to Division 9-1 anticipated that, following the ongoing investigation, National Grid will produce: (a) any responsive, non-privileged documents related to the ongoing investigation; and (b) a compilation of the responsive factual findings determined through the initial investigation (*id.*). The response to Division 9-1 estimated that National Grid will be in a position to present findings and documentation to the Commission and the Division by March 1, 2023 (*id.*).

As of January 30, 2023, National Grid remains on schedule to present a report of its findings and documentation to the Commission and the Division by March 1, 2023. National Grid suggests that, after submission of the report, the parties should participate in a technical session so that National Grid and Rhode Island Energy can answer any questions the Commission or Division may have regarding the non-privileged aspects of the investigative process and findings presented in the report. This type of discussion will assure that the Commission and Division are informed regarding the myriad details of the investigation and associated outcome. This approach will also assure that any further investigation deemed necessary can be efficiently targeted rather than simply duplicating work that National Grid has already completed or is in the process of completing and has not yet presented to the Commission and Division due to its ongoing nature. The commencement of a parallel or duplicative proceeding will necessarily divert resources from the ongoing effort, waylaying

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progress that is designed to yield informative results for the Commission and the Division in the near future.

National Grid greatly appreciates the time and flexibility to complete its internal investigation before additional investigation is commenced that may be parallel or duplicative.

Please do not hesitate to contact me if you have any questions. Thank you for your attention to this matter.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'RH', with a long horizontal flourish extending to the right.

Robert J. Humm

Enclosure

cc: Docket No. 22-05-EE Service List

Division 9-1

Request:

In responses DIV 8-2 and DIV 8-7 the Company states:

“National Grid’s internal investigation is continuing and National Grid plans to provide the results of its further investigation to the Public Utilities Commission as soon as it is complete.”

- a) Provide relevant documents such as workplans, timelines, statements of work with outside vendors, and other pertinent information describing the scope of the continuing investigation (s).
- b) Provide any findings, evidence, or observations, even if in draft form or incomplete, found to date associated with the investigation (s). Provide all supporting documentation for these activities.
- c) If the investigation (s) remains ongoing, provide a schedule of when the Company expects to update the Division and Commission on findings and what will be provided (e.g. report, memorandum or other form evidence).

Response:

National Grid USA (“National Grid”) appreciates this opportunity to explain the nature of the ongoing investigation into the issues under consideration in this docket.

As stated in discovery responses, the focus of the initial investigation undertaken by The Narragansett Electric Company (“Narragansett”) was to determine whether “out-of-period” invoicing occurred within the Residential Upstream Lighting Energy Efficiency program or other Energy Efficiency programs and, if so, to assess the customer impact for remediation (Data Requests Division 3-1 and Division 7-3). The phases of this investigation informed the June 7, 2022 “Review of Invoices within the Rhode Island Energy Efficiency Program” report (the “Report”) filed in Docket No. 5189.

Subsequent to the filing of the Report, National Grid determined that additional investigation was warranted to assure a full and complete assessment of what had occurred and to enable responsive and transparent participation in the regulatory proceeding commenced by the Rhode Island Public Utilities Commission (“Commission”). This additional investigation is ongoing. Ongoing work is focused on: (1) identifying the scope of the “out-of-period” invoicing; and (2) more precisely assessing the impact of the conduct on customers. National Grid is working with a forensic consultant to perform an expanded transaction analysis and to conduct additional retrieval,

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screening, and examination of electronic media. This process is labor-intensive and time-consuming, yet necessary to identify communications that are relevant to the out-of-period invoicing that occurred. National Grid plans to continue this investigation until it reaches a point where the parameters of the “out-of-period” invoicing are defined as fully and accurately as possible to support resolution of this matter.

As of this writing, National Grid has not yet reached this point. Additional retrieval and review of electronic communications is ongoing, as is the expanded transaction analysis. The communications and work product generated in this phase of the investigation are protected by the attorney-client privilege and work-product doctrines. However, it is National Grid's plan, and firm commitment, to provide a comprehensive compilation of the facts discovered through this investigation to the Commission and to the Division of Public Utilities and Carriers (“Division”) at the earliest opportunity. National Grid understands the regulatory concerns and acknowledges that a clear, full, and precise accounting of the actions that have transpired and the associated customer impact is necessary. National Grid's intention is to fulfill these objectives in a reasonable timeframe.

Review of Electronic Media Retrieval

The initial review of electronic media included approximately 5.2 million pieces of electronic media compiled from 27 available mailboxes for the period January 1, 2012 through August 18, 2021. The retrieved electronic media was compiled, processed, and screened against keyword searches. The application of 148 search terms to the 5.2 million pieces of electronic media produced approximately 162,000 pieces of reviewable electronic media. The forensic consultant then conducted a manual review of the reviewable electronic media to determine the relevant documents (Data Request Division 8-1).

The supplemental email review currently underway will retrieve records from approximately 40 additional mailboxes for the period January 1, 2012 through December 31, 2021, or as otherwise applicable. The supplemental email review is following the same sequenced process as the initial email review.

Expanded Transaction Analysis

The expanded transaction analysis is compiling additional data to validate the out-of-period invoicing percentages and to apply those percentages to more precisely assess the customer impact using the model described in response to Data Request Division 3-1. For example, the initial sample-based transaction analysis focused on the invoicing and payments associated with nine of the largest manufacturers in the Residential Upstream Lighting program, whereas a total of 90 manufacturers participated in the program between January 1, 2012 and June 30, 2021 (Data

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Request Division 3-1).¹ The expanded transaction analysis will review relevant documentation associated with the remaining manufacturers.

The expanded scope of the transaction analysis takes several steps to complete. First, efforts are underway to obtain the additional data needed to perform the expanded transaction analysis of out-of-period invoicing in Narragansett's Residential Upstream Lighting Energy Efficiency program. The additional data includes InDemand data from January 2018 through December 2021 and available supporting invoice data provided by the invoice processing vendor during that time frame.

Second, to the extent data is available from the invoice processor, additional transaction analysis will be performed for the period of January 2018 through December 2021. The invoice processor began capturing sales activity information as part of its migration to a new system that occurred in June 2018. There is the potential for sales activity prior to June 2018 to be captured in the new system. To the extent data is available, the additional testing will include:

- Review of the data associated with the remaining 81 manufacturers not previously reviewed as part of the initial scope to the extent that payment was received during the timeframe.
- Review of data for the nine manufacturers that was not included in the initial analysis. The sampling process in Phase 1 of the initial investigation involved the identification of the first three payments from years 2016, 2019, 2020, and 2021, and from those, review of the two largest payments for inclusion in the analysis based on the likelihood that these payments would capture out-of-period invoices. The additional analysis will analyze the remaining payments that were not selected during Phase 1 of the initial investigation.
- Additional analysis of the compiled data that will be combined into a single database in order to link payments (InDemand data) to sales activity (invoice processor data). The invoice processor's sales activity data will be leveraged in order to compare sales activity to when payments for the activity/services were made pursuant to the InDemand data. This analysis is entirely dependent on timely receipt of the data from the invoice processor, which has taken several months, and quality of the data after it is received.

¹ The nine manufacturers originally selected for analysis accounted for approximately 72 percent (or \$44,869,412) of the total payments made through Narragansett's Residential Upstream Lighting program between January 1, 2012 and June 30, 2021 (Data Request Division 3-1).

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The initial analysis that informed the Report yielded a reasonable estimate of the customer impact. The purpose of the expanded transaction analysis is to allow National Grid to quantify the customer impact more precisely for the Commission's purposes.

With respect to the specific questions posed in this Data Request, National Grid anticipates the following regarding the ongoing investigation and next steps.

- a) National Grid will produce any responsive, non-privileged documents relating to the ongoing investigation.
- b) National Grid will produce a compilation of the responsive factual findings determined through the additional investigation.
- c) Once the factual findings and associated documentation are submitted to the Commission and Division, National Grid expects to participate in a technical session in order to engage in informal discourse regarding the non-privileged aspects of the investigative process and the results generated therefrom. National Grid expects that conducting an informal discussion as a pre-cursor to next steps will assure that all interested parties are informed regarding the myriad details of the investigation and associated outcome.

Based on the intensive retrieval work necessary to perform the investigation, National Grid estimates that it will be in a position to present findings and documentation to the Commission and the Division by March 1, 2023. National Grid expects to update the Commission and Division on a regular basis in the interim.