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Also admitted in Massachusetts

March 23, 2023

VIA HAND DELIVERY & ELECTRONIC MAIL

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

**RE: Docket No. 22-54-NG – The Narragansett Electric Company
Proposed Fiscal Year 2024 Gas Infrastructure, Safety, and Reliability Plan
Responses to PUC Data Requests – PUC Set 6**

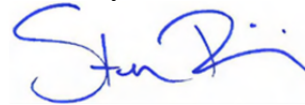
Dear Ms. Massaro:

On behalf of The Narragansett Electric Company d/b/a Rhode Island Energy (“Rhode Island Energy” or the “Company”), I have enclosed the Company’s responses to the Public Utilities Commission’s Sixth Set of Data Requests in the above-referenced docket.

Attachments PUC 6-1-1 through PUC 6-1-4 to the Company’s response to PUC Data Request 6-1 contain confidential information; and therefore, the Company has provided confidential versions subject to a motion for protective treatment. Redacted versions of these confidential attachments are included with this response.

Thank you for your attention to this matter. If you have any questions, please contact me at 401-709-3359.

Sincerely,



Steven J. Boyajian

Enclosure

cc: Docket 22-54-NG Service List

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate were electronically transmitted to the individuals listed below.

The paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.



Heidi J. Seddon

March 23, 2023

Date

No. 22-54-NG- RI Energy's Gas Infrastructure, Safety and Reliability (ISR) Plan 2024 - Service List 2/6/2023

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STATE OF RHODE ISLAND

RHODE ISLAND PUBLIC UTILITIES COMMISSION

The Narragansett Electric Company d/b/a)	
Rhode Island Energy)	
FY 2024 Gas Infrastructure, Safety)	Docket No. 22-54-NG
and Reliability Plan)	
)	
)	

**MOTION OF THE NARRAGANSETT ELECTRIC
COMPANY D/B/A RHODE ISLAND ENERGY FOR PROTECTIVE
TREATMENT OF CONFIDENTIAL INFORMATION**

Rhode Island Energy¹ respectfully requests that the Rhode Island Public Utilities Commission (“PUC”) grant protection from public disclosure certain confidential, competitively sensitive, and proprietary information submitted in this proceeding as permitted by 810-RICR-00-00-1.3(H) (Rule 1.3(H)) of the PUC’s Rules of Practice and Procedure and R.I. Gen. Laws § 38-2-2(4)(B). The Company also respectfully requests that, pending entry of that finding, the PUC preliminarily grant the Company’s request for confidential treatment pursuant to Rule 1.3(H)(2).

I. BACKGROUND

On December 22, 2022, the Company submitted its FY 2024 Gas Infrastructure, Safety and Reliability Plan (the “Plan” or “Gas ISR Plan”) filing in the above-captioned docket. The PUC held an evidentiary hearing regarding the Plan on March 14, 2023. On March 20, 2023 the PUC issued its Sixth Set of Data Requests to the Company which consisted of a single data request, PUC 6-1. The Company’s response to PUC 6-1 includes four attachments, Attachments

¹ The Narragansett Electric Company d/b/a Rhode Island Energy (Rhode Island Energy or the Company).

PUC 6-1-1, 6-1-2, 6-1-3 and 6-1-4. Attachments 6-1-1, 6-1-2 and 6-1-3 consist of cost comparisons and calculations performed by the Company which disclose the Company's actual and forecasted rental and contracted services expenses associated with the operation of rented LNG equipment at the Company's Cumberland LNG facility. Attachment 6-1-4 is a copy of the Company's current rental agreement with Stablis GDS, Inc. for portable LNG equipment used at the Company's Cumberland LNG facility.

II. LEGAL STANDARD

Rule 1.3(H) provides that access to public records shall be granted in accordance with the Access to Public Records Act (APRA), R.I. Gen. Laws § 38-2-1, *et seq.* Under the APRA, all documents and materials submitted in connection with the transaction of official business by an agency is deemed to be a "public record," unless the information contained in such documents and materials falls within one of the exceptions specifically identified in R.I. Gen. Laws § 38-2-2(4). To the extent that information provided to the PUC falls within one of the designated exceptions to the public records law, the PUC has the authority under the terms of APRA to deem such information as confidential and to protect that information from public disclosure.

In that regard, R.I. Gen. Laws § 38-2-2(4)(B) provides that the following types of records shall not be deemed public:

(B) Trade secrets and commercial or financial information obtained from a person, firm, or corporation which is of a privileged or confidential nature...

With respect to the commercial information exception to the definition of "public record," the Rhode Island Supreme Court has held that this confidential information exemption applies where the disclosure of information would be likely either (1) to impair the government's ability to obtain necessary information in the future; or (2) to cause substantial harm to the competitive position of the person from whom the information was obtained. *Providence Journal v.*

Convention Ctr. Auth., 774 A.2d 40 (R.I. 2001). The first prong of the test is satisfied when information is provided to the governmental agency and that information is of a kind that would customarily not be released to the public by the person from whom it was obtained. *Providence Journal*, 774 A.2d at 47.

With respect to other exceptions to the definition of public record, the Rhode Island Supreme Court has held that the agencies making determinations as to the disclosure of information under APRA may apply the balancing test established by the Court in *Providence Journal v. Kane*, 577 A.2d 661 (R.I. 1990). Under this balancing test, the PUC may protect information from public disclosure if the benefit of such protection outweighs the public interest inherent in disclosure of information pending before regulatory agencies.

III. BASIS FOR CONFIDENTIALITY

The commercial information contained in Attachments PUC 6-1-1 through 6-1-4 is confidential and sensitive commercial information and is the type of information that Rhode Island Energy would not ordinarily make public. These attachments contain pricing and other commercial terms that were negotiated by the Company or contain the Company's forecasts of the continued cost of operating rented portable LNG equipment. Public disclosure of such information could impair Rhode Island Energy's ability to negotiate advantageous pricing or other terms with LNG equipment lessors in the future should the Company continue to rent portable LNG equipment in the future. Specifically, disclosure of the Company's forecasted rental expenses would inform equipment lessors of the Company's estimate of future rental terms thereby hampering the Company's ability to negotiate for prices that might be below the Company's forecasted costs. Because the Company would not ordinarily make the commercial information contained in Attachments PUC 6-1-1- though 6-1-4 public, the first prong of the

Providence Journal test is satisfied. Accordingly, Rhode Island Energy is providing the information on a voluntary basis to assist the PUC with its decision-making in this proceeding, but respectfully requests that the PUC provide confidential treatment to the information.

IV. CONCLUSION

For the foregoing reasons, Rhode Island Energy respectfully requests that the PUC grant its Motion for Protective Treatment of Attachments PUC 6-1-4, 6-1-2, 6-1-3 and 6-1-4. In accordance with Rule 1.3(H) the Company will promptly submit redacted versions of these confidential attachments for the public file in this matter and is submitting unredacted confidential versions subject to this motion for protective treatment.

Respectfully submitted,

**THE NARRAGANSETT ELECTRIC
COMPANY d/b/a RHODE ISLAND ENERGY**

By its attorney,



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Dated: March 23, 2023

PUC 6-1

Request:

Referring to the Rebuttal Testimony at page 27 of 37, lines 9-11, the testimony states: "The Company's analysis indicates that the cost of purchasing portable LNG equipment for Cumberland will be fully recouped, through the avoidance of rental costs, in seven years."

- (a) Provide a copy of the referenced seven-year analysis and include a schedule showing how the Company calculated the recoupment of the purchase costs.
- (b) Please include a second schedule showing the assumed annual amounts to be recovered in rates from customers comparing two scenarios over the referenced seven-year period: (i) recovery of the revenue requirement from the actual capital expense and (ii) recovery of expenses under a hypothetical counterfactual scenario that continues the annual rental expenses, for each year of the seven-year period;
- (c) Provide the useful life of the LNG equipment over which the capital cost will be depreciated;
- (d) Provide a schedule showing the last four years of rental expenses (winters of 2019-20, 2020-21, 2021-22, and 2022-23);
- (e) Confirm whether the Company has been recovering the annual rental expenses in distribution rates and identify the rate mechanism through which the recovery has been taking place (i.e., DAC, GCR, or base distribution); and
- (f) Provide a copy of the lease agreement applicable to the rental for the winter of 2022-23.

Response:

- (a) Please see Confidential Attachment PUC 6-1-1 for the comparison of costs to purchase portable equipment for Cumberland LNG to the Company's forecasted future costs of contracted services and rental equipment. This analysis assumes one additional annual mobilization in the Company's service territory, during the off season, to support pipeline maintenance activities. This cost comparison does not capture the cost of the portable vaporizers. These vaporizers are in addition to the contracted portable equipment currently used. The portable vaporizers provide reliability to the plant's fixed vaporization system by being available for use in the event that the plant's fixed vaporizers are out of service. The plant's fixed vaporizers

PUC 6-1, Page 2

- share a common electrical and controls system that are in need of an upgrade. Until a permanent solution is selected and implemented, the Company elected to purchase standalone portable vaporizers of the same capacity. This is to avoid rework and inefficiently investing capital monies into existing infrastructure that would likely be changed or replaced in a permanent solution. Portable vaporizers will also maintain the plant's operational ability during construction of a permanent solution and will help to support pipeline maintenance activities.
- (b) Please see Confidential Attachment PUC 6-1-2 for a schedule showing the estimated cost recovery from customers for the referenced seven-year period in the two requested scenarios.
- (c) The Company is assuming a 20-year useful life cycle of the portable LNG equipment. For purposes of cost recovery, when the assets are placed in-service and included in the ISR revenue requirement calculation, an annual composite book depreciation rate of 2.99% is used which is the same method used for all other ISR assets. During the Company's next base distribution rate case, in which these assets would be included in rate base, the approved depreciation rate in that case would be applied for cost recovery.
- (d) Please see Confidential Attachment PUC 6-1-3, for the actual in season Cumberland Rental Expenses. Please note that Winter 2022-2023 has not been fully billed at this time. These costs represent the in season contracted costs and do not reflect costs incurred for out of season operation.
- For example, an out of season mobilization would cost approximately \$400,000 to cover the cost of mobilization, equipment rental, commissioning, operator labor, and demobilization cost. This cost is dependent upon the scale and duration of the operation and is subject to contractor availability for equipment and personnel.
- (e) The costs of in season rental equipment and contracted services for the Cumberland LNG facility are currently recovered through the Company's annual Gas Cost Recovery ("GCR") factor. Charges for out of season rental equipment and contracted services are considered operations and maintenance ("O&M") expenses.
- (f) Please see Confidential Attachment PUC 6-1-4 for the requested lease agreement.

REDACTED

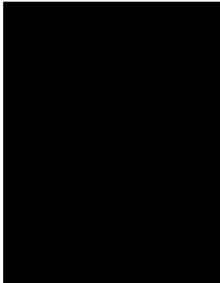
Cumberland LNG

Equipment cost: [REDACTED] (4) Smart Storage Queens, including 25% OH


Breakeven with 2 extra mobilization

Year	Contractor Service	Cost	RIE Cost	Cost	Runing Cost	Breakeven Cost	Comments
1	Seasonal Service Operation	[REDACTED]	Additional Labor	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Out of season service Operation		O&M				
	Annual Cost		Annual Cost				
2	Seasonal Service Operation	[REDACTED]	Additional Labor	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Out of season service Operation		O&M				
	Annual Cost		Annual Cost				
3	Seasonal Service Operation	[REDACTED]	Additional Labor	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Out of season service Operation		O&M				
	Annual Cost		Annual Cost				
4	Seasonal Service Operation	[REDACTED]	Additional Labor	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Out of season service Operation		O&M				
	Annual Cost		Annual Cost				
5	Seasonal Service Operation	[REDACTED]	Additional Labor	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Out of season service Operation		O&M				
	Annual Cost		Annual Cost				
6	Seasonal Service Operation	[REDACTED]	Additional Labor	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Out of season service Operation		O&M				
	Annual Cost		Annual Cost				
7	Seasonal Service Operation	[REDACTED]	Additional Labor	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	Out of season service Operation		O&M				
	Annual Cost		Annual Cost				
8	Seasonal Service Operation	[REDACTED]	Additional Labor	[REDACTED]	[REDACTED]	[REDACTED]	Breakeven year for purchasing equipment and staffing entirely with RIE
	Out of season service Operation		O&M				
	Annual Cost		Annual Cost				
							Savings per year to customer

REDACTED

	Scenario (i)		Scenario (ii)	
	Capital Investment Revenue Requirement Recovery (1)		Recovery of Rental Expenses (2)	
Year 1	\$	305,146	\$	
Year 2	\$	502,029	\$	
Year 3	\$	493,271	\$	
Year 4	\$	484,582	\$	
Year 5	\$	475,959	\$	
Year 6	\$	467,394	\$	
Year 7	\$	458,885	\$	

Notes:

Scenario (i) - Based on a capital spend of \$ million for purchase of equipment that would avoid the annual rental expenses. The annual revenue requirement associated with capital costs placed in service is assumed to be recovered through the Gas ISR rate mechanism until rolled into rate base in the Company's next applicable base distribution rate case. For purposes of calculating the estimated annual revenue requirement, the assumptions used in the Company's FY 2024 Gas ISR filing were applied.

Scenario (ii) - Assumes continuation of annual rental expenses - Attachment PUC 6-1-1, Contractor Service Cost column. Assumes costs continue to be recovered from annual GCR rate mechanism.

REDACTED

Contractor	Location	Description	Invoice Charge
PROMETHEUS ENERGY GROUP INC.	CUMBERLAND LNG	COMMISSIONING - DECEMBER 2019	
PROMETHEUS ENERGY GROUP INC.	CUMBERLAND LNG	LABOR RESERVATION FEE - DEC 2018	
PROMETHEUS ENERGY GROUP INC.	CUMBERLAND LNG	EQUIPMENT LEASE - TERM	
PROMETHEUS ENERGY GROUP INC.	CUMBERLAND LNG	MOBILIZATION - TRUCKING DEC 2019	
PROMETHEUS ENERGY GROUP INC.	CUMBERLAND LNG	EQUIPMENT LEASE - TERM	
PROMETHEUS ENERGY GROUP INC.	CUMBERLAND LNG	EQUIPMENT LEASE - TERM	
PROMETHEUS ENERGY GROUP INC.	CUMBERLAND LNG	EQUIPMENT LEASE - TERM	
		2019-2020	

STABILIS GDS, INC.	CUMBERLAND LNG	COMMISSIONING - DECEMBER 2020	
STABILIS GDS, INC.	CUMBERLAND LNG	LABOR RESERVATION FEE - DEC 2020	
STABILIS GDS, INC.	CUMBERLAND LNG	EQUIPMENT LEASE - TERM	
STABILIS GDS, INC.	CUMBERLAND LNG	EQUIPMENT LEASE - TERM	
STABILIS GDS, INC.	CUMBERLAND LNG	EQUIPMENT LEASE - TERM	
STABILIS GDS, INC.	CUMBERLAND LNG	DAILY LABOR FEE	
STABILIS GDS, INC.	CUMBERLAND LNG	FEB 21 LABOR	
STABILIS GDS, INC.	CUMBERLAND LNG		
		2020-2021	

STABILIS GDS, INC.	CUMBERLAND LNG	GENERAL MOBILIZATION CHARGES	
STABILIS GDS, INC.	CUMBERLAND LNG	COMMISSIONING - DECEMBER 2021	
STABILIS GDS, INC.	CUMBERLAND LNG	LABOR RESERVATION FEE - DEC 2021	
STABILIS GDS, INC.	CUMBERLAND LNG	EQUIPMENT LEASE - TERM	
STABILIS GDS, INC.	CUMBERLAND LNG	GENERAL MOBILIZATION CHARGES	
STABILIS GDS, INC.	CUMBERLAND LNG	GENERAL MOBILIZATION CHARGES	
STABILIS GDS, INC.	CUMBERLAND LNG	EQUIPMENT LEASE - TERM	
STABILIS GDS, INC.	CUMBERLAND LNG	EQUIPMENT LEASE - TERM	
STABILIS GDS, INC.	CUMBERLAND LNG	LABOR CALLOUT JANUARY 2022	
STABILIS GDS, INC.	CUMBERLAND LNG	EQUIPMENT LEASE - TERM	
		2021-2022	

STABILIS GDS, INC.	CUMBERLAND LNG	COMMISSIONING - DECEMBER 2022	
STABILIS GDS, INC.	CUMBERLAND LNG	LABOR RESERVATION FEE - DEC 2022	
STABILIS GDS, INC.	CUMBERLAND LNG	EQUIPMENT LEASE - TERM	
STABILIS GDS, INC.	CUMBERLAND LNG	MOBILIZATION- JANUARY 2023	
		2022-2023	

The Narragansett Electric Company
d/b/a Rhode Island Energy
RIPUC Docket No. 22-54-NG
In Re: Proposed FY 2024 Gas Infrastructure, Safety and Reliability Plan
Responses to the Commission's Sixth Set of Data Requests
Issued on March 20, 2023

Attachment PUC 6-1-4

REDACTED