

GEORGE W. WATSON III

One Financial Plaza, 14th Floor
Providence, RI 02903-2485
Main (401) 709-3300
Fax (401) 709-3399
gwatson@rc.com
Direct (401) 709-3351

Also admitted in Massachusetts,
Connecticut and Vermont

April 17, 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. 22-42-NG – Issuance of Advisory Opinion to EFSB re RIE Application to Construct an LNG Vaporization Facility on Old Mill Lane, Portsmouth, RI Responses to PUC Data Requests – Set 2

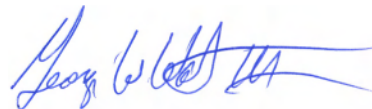
Dear Ms. Massaro:

On behalf of The Narragansett Electric Company (the “Company”), I have enclosed the Company’s responses to the Public Utilities Commission’s Second Set of Data Requests in the above-referenced docket.

Attachment PUC 2-4 to the Company’s response to Public Utilities Commission Data Request 2-4 contains confidential information; and therefore, the Company has provided redacted public versions of the attachment and unredacted versions subject to a motion for protective treatment.

Thank you for your attention to this matter. If you have any questions, please contact me at (401) 709-3351.

Sincerely,



George W. Watson III

Enclosures

cc: Docket 22-42-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.

Leticia Pimentel

Leticia Pimentel

April 17, 2023

Date

**Docket No. 22-42-NG – Needs Advisory Opinion to EFSB regarding Narragansett Electric LNG Vaporization Facility at Old Mill, Portsmouth, RI
Service List update 4/6/2023**

Name/Address	E-mail	Phone
The Narragansett Electric Co. George Watson, Esq. Robinson & Cole LLP One Financial Plaza, 14 th Floor Providence, RI 02903 Celia O’Brien Narragansett Electric Co.	gwatson@rc.com ;	
	LPimentel@rc.com ;	
	SBoyajian@rc.com ;	
	RJReybitz@pplweb.com ;	
	COBrien@pplweb.com ;	
	jscanlon@pplweb.com ;	
	NSUcci@RIEnergy.com ;	
Division of Public Utilities and Carriers Tiffany Parenteau, Esq.	TParenteau@riag.ri.gov ;	
	Christy.hetherington@dpuc.ri.gov ;	
	Al.mancini@dpuc.ri.gov ;	
	John.bell@dpuc.ri.gov ;	
	Margaret.l.hogan@dpuc.ri.gov ;	
	Paul.roberty@dpuc.ri.gov ;	
	ellen.golde@dpuc.ri.gov ;	
Bruce Oliver	br.oliver@verizon.net ;	
Office of Energy Resources Albert Vitali, Esq. Christopher Kearns	Albert.Vitali@doa.ri.gov ;	
	Christopher.Kearns@energy.ri.gov ;	
	William.Owen@energy.ri.gov ;	
	Nancy.russolino@doa.ri.gov ;	

Statewide Planning Department Mary-Rose Pellegrino, Esq. Roberta Groch	MaryRose.Pellegrino@doa.ri.gov ;	
	Roberta.Groch@doa.ri.gov ;	
Town of Portsmouth Terence J. Tierney, Esq. Kevin Gavin, Town Solicitor Richard Rainer, Jr., Town Administrator Jennifer West, Town Clerk	Tierneylaw@yahoo.com ;	
	kevingavinlaw@gmail.com ;	
	rrainer@portsmouthri.com ;	
	clerkoffice@portsmouthri.com ;	
Acadia Center Hank Webster, Esq. - RI Director & Sr. Policy Advocate	HWebster@acadiacenter.org ;	
Town of Middletown Marisa Desautel, Esq. Wendy Marshall, Town Clerk	Marisa@desautelesq.com ;	
	wmarshall@middletownri.com ;	
	jeff.loiter@gmail.com ;	
Conservation Law Foundation James Crowley, Esq. Margaret E. Curran, Esq David Hill Earnest White	jcrowley@clf.org ;	
	mcurran@clf.org ;	
	dhill@energyfuturesgroup.com ;	
	ewhite@energyfuturesgroup.com ;	
RI Attorney General Nicholas M. Vaz, Esq.	NVaz@riag.ri.gov ;	
	mbedell@riag.ri.gov ;	
Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	Luly.massaro@puc.ri.gov ;	401-780-2107
	Cynthia.WilsonFrias@puc.ri.gov ;	
	Alan.nault@puc.ri.gov ;	
	Todd.bianco@puc.ri.gov ;	
Interested Parties:		
Gabrielle Stebbins	gstebbins@energyfuturesgroup.com ;	
Matt Sullivan (Green Dev)	ms@green-ri.com ;	

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

IN RE: THE ISSUANCE OF ADVISORY OPINION)
TO THE ENERGY FACILITY SITING BOARD)
REGARDING THE NARRAGANSETT ELECTRIC)
COMPANY APPLICATION TO CONSTRUCT) DOCKET NO. 22-42-NG
AN LNG VAPORIZATION FACILITY ON)
OLD MILL LANE, PORTSMOUTH, RHODE ISLAND)

**MOTION OF THE NARRAGANSETT ELECTRIC COMPANY
FOR PROTECTIVE TREATMENT OF CONFIDENTIAL INFORMATION**

The Narragansett Electric Company (the “Company”) hereby respectfully requests that the Public Utilities Commission (“Commission” or “PUC”) grant protection from public disclosure of certain confidential information submitted by the Company in response to PUC Data Request 2-4. The reasons for the protective treatment are set forth herein. The Company also requests that, pending entry of that finding, the Commission preliminarily grant the Company’s request for confidential treatment pursuant to 810-RICR-00-00-1.3(H)(2).

The Company’s response to PUC Data Request 2-4 includes an attachment, Attachment PUC 2-4, setting forth the Company’s actual and forecasted equipment rental and contracted services costs for deployment and operation of portable LNG vaporization and injection equipment at its facility at Old Mill Lane. These costs are negotiated by the Company with its equipment lessor and service provider, and disclosure of these terms could hamper the Company’s ability to negotiate advantageous pricing in the future.

I. LEGAL STANDARD

Rhode Island’s Access to Public Records Act (“APRA”), R.I.G.L. §38-2-1 *et. seq.*, sets forth the parameters for public access to documents in the possession of state and local government agencies. Under APRA, all documents and materials submitted in connection with the transaction of official business by an agency are 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.G.L. §38-2-2(4). Therefore, to the extent that information provided to the Commission falls within one of the designated exceptions to APRA, the Commission has the authority under the terms of APRA to deem such information to be 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:

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

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 Company v. Convention Center Authority*, 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.

The Rhode Island Supreme Court has also noted that the agencies making determinations as to the disclosure of information under APRA may apply a balancing test. *See Providence Journal v. Kane*, 577 A.2d 661 (R.I. 1990). Under this balancing test, after a record has been determined to be public, the Commission 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. *Kane*, 577 A.2d at 663 (“Any balancing of interests arises

only after a record has first been determined to be a public record.”).

II. BASIS FOR CONFIDENTIALITY

The confidential information contained in Attachment PUC 2-4 is sensitive pricing information that the Company would not ordinarily make public, and the contracts through which existing prices were set contain confidentiality provisions. The disclosure of these negotiated and forecasted pricing terms could hamper the Company’s ability to negotiate favorable pricing terms for similar equipment rentals and contracted services in the future. For that reason, the Company has consistently sought and obtained protective treatment of the identified costs and does not publicly disclose the information. Because the confidential information contained in Attachment PUC 2-4 is not of a kind that would customarily be released to the public by the Company, the first prong of the *Providence Journal* test has been satisfied. *See Providence Journal, 774 A.2d at 47.*

III. CONCLUSION

For the foregoing reasons, the Company respectfully requests that the Commission grant this motion for protective treatment of the confidential information contained in Attachment PUC 2-4. The Company has submitted a redacted version of Attachment PUC 2-4 in its responses to the Commission’s Second Set of Data Requests, and a confidential version subject to this motion for protective treatment.

[SIGNATURES ON NEXT PAGE]

Respectfully submitted,

**THE NARRAGANSETT ELECTRIC
COMPANY**

By its attorneys,



George W. Watson, III (#8825)
Robinson & Cole, LLP
One Financial Plaza, 14th Floor
Providence, RI 02903-2485
Tel. (401) 709-3351
Fax. (401) 709-3399
gwatson@rc.com



Steven J. Boyajian (#7263)
Robinson & Cole LLP
One Financial Plaza, 14th Floor
Providence, RI 02903
Tel. (401) 709-3359
Fax. (401) 709-3399
sboyajian@rc.com

Dated: April 17, 2023

CERTIFICATE OF SERVICE

I hereby certify that on April 17, 2023, I delivered a true copy of the foregoing Motion via electronic mail to the parties on the Service List for Docket No. 22-42-NG.

Leticia Pimentel

Leticia Pimentel

The Narragansett Electric Company
RIPUC Docket No. 22-42-NG
In Re: The Issuance of Advisory Opinion to the
Energy Facility Siting Board Regarding
The Narragansett Electric Company
Application to Construct and LNG Vaporization Facility on
Old Mill Lane, Portsmouth, Rhode Island
Responses to the Commission's Second Set of Data Requests
Issued on April 3, 2023

PUC 2-1

Request:

What is the anticipated useful of the equipment the company proposes to purchase? Please provide an itemized list if available.

Response:

The portable LNG equipment that the company proposes to purchase is expected to have a useful service life of at least 20 years. Similar LNG transport trailers have been in service for well over 20 years and the Project currently uses a similar vaporizer that is 12 years old with no issues.

The company is seeking to purchase the following units:

- Two (2) Gas Fired Vaporizers that have 750 MSCFH capacity each.
- Six (6) 16,000 gallon (water capacity) storage units "Smart Queen" with submerged discharge pump and external transfer pump.

Note, LNG storage capacity of the Smart Queens are approximately 13,300 gallons each (80,000 gallons total).

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PUC 2-2

Request:

For ratemaking purposes, what is the depreciable life of the equipment the company proposes to purchase?

Response:

For ratemaking purposes, under the assumption that the proposed portable LNG equipment is purchased and placed into service prior to the Company's next base distribution rate case, the equipment would be included in the Company's annual Gas ISR plan and factor. The Gas ISR revenue requirement calculation applies a composite book depreciation rate approved in the Company's last approved rate case (RIPUC Docket No. 4770) to all incremental ISR capital investments. This composite book depreciation rate is 2.99%, which is a depreciable life of approximately 33 years.

At the time of the next base distribution rate case, the portable LNG equipment that has been placed in service would be included in the applicable plant account in rate base and the approved depreciation rate would be applied. The approved depreciation rate by plant account would be determined as part of a depreciation study in the base distribution rate case.

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PUC 2-3

Request:

Assuming the LNG equipment is purchased rather than rented:

- a. What is the depreciable life of the assets?
- b. What would be the remaining undepreciated cost at the end of 2031?
- c. If it were determined that the equipment was no longer needed as of the end of 2031, would ratepayers or the company be responsible for the undepreciated cost?
- d. If the answer to (c.) above is ratepayers, how would the company propose to recover that cost?
- e. What would be the remaining undepreciated cost at the end of 2040?
- f. If it were determined that the equipment was no longer needed as of the end of 2040, would ratepayers or the company be responsible for the undepreciated cost?
- g. If the answer to (f) is ratepayers, how would the company propose to recover that cost?

Response:

- a. For book depreciation purposes, the depreciable life of assets is determined at the FERC plant account level based on the latest base distribution rate case and depreciation study. For purposes of this response, the Company has assumed that the LNG equipment would be recorded to a plant account with a useful life of approximately 30 years.
- b. & e. - All assets in a plant account are grouped together and the depreciation rate approved in the latest base distribution rate case (and depreciation study) is applied to the total plant account. Therefore, the system does not track the actual cumulative depreciation expense for a specific asset, only at the plant account level. For purposes of this response, the Company has calculated the remaining undepreciated cost through December 2031 and December 2040 applying the depreciation expense from the current rate plan for this utility plant account. However, if new base distribution rates were

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PUC 2-3, Page 2

approved before December 2031 or December 2040, the new approved depreciation rate would be applied to the utility plant account at the effective date of the new rates. The Company has assumed a half month convention in the month that the assets are placed in service which is December 2024 for purposes of this response. The remaining undepreciated cost at the end of December 2031 and December 2040 would be approximately \$6.5 million and \$3.9 million, respectively.

c, d, f, and g. If it were determined that the equipment was no longer needed prior to being fully depreciated (i.e. 2031 or 2040), the Company believes that ratepayers would be responsible for the undepreciated cost, similar to the treatment of other capital assets that are retired or deemed no longer needed before they are fully depreciated. The recovery would be through depreciation expense rates in base distribution rates as part of a rate case. When a depreciation study is performed as part of a base distribution rate case, the study considers remaining book value, salvage value, and remaining life of assets, among other things, at the plant account level to determine the future depreciation rate to be applied to that plant account balance. The undepreciated amounts in a plant account would factor into the depreciation rate study. In addition, any proceeds from the sale of the equipment that was no longer needed would be applied to the asset net book value, reducing the remaining undepreciated balance.

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PUC 2-4
(REDACTED)

Request:

Please provide a schedule by year showing the revenue requirement each year through 2031 (explain all simplifying assumptions):

- a. Assuming continued rental of equipment.
- b. Assuming purchase of equipment.
 - i. To the extent possible, please itemize the costs.
 - ii. Please provide subtotals for revenue requirement to support capital costs and O&M costs.
 - iii. Please provide any other totals where appropriate.
 - iv. Please include a column to show the cost difference each year between (a.) & (b.).
 - v. Please include a column showing the cumulative cost difference between (a.) & (b.).

Response:

Please see Attachment PUC 2-4 for the requested revenue requirement for FY2025 to FY 2031. Page 1 and 2 of Attachment PUC 2-4 provide the information requested in (a) and (b) as well as a comparison each year between the scenarios and a cumulative comparison from FY 2025 to FY 2031. Page 3 of Attachment PUC 2-4 explains the simplifying assumptions used in the analysis.

Attachment PUC 2-4 contains confidential information that is subject to a motion for protective treatment. Consequently, the Company has filed both a redacted and a confidential version of the attachment.

The Narragansett Electric Company
 Old Mill Lane Equipment Purchase

	Fiscal Year 2025			Fiscal Year 2026			Fiscal Year 2027			Fiscal Year 2028		
	(a)	(b)	(c) = (b) - (a)	(a)	(b)	(c) = (b) - (a)	(a)	(b)	(c) = (b) - (a)	(a)	(b)	(c) = (b) - (a)
External Contracted Cost	██████████	-	██████████	██████████	-	██████████	██████████	-	██████████	██████████	-	██████████
Internal Labor & Security	350,200	589,160	238,960	360,706	606,835	246,129	371,527	625,040	253,513	382,673	643,791	261,118
Internal O&M	82,400	82,400	-	84,872	84,872	-	87,418	87,418	-	90,041	90,041	-
Subtotal O&M Costs	██████████	671,560	██████████	██████████	691,707	██████████	██████████	712,458	██████████	██████████	733,832	██████████
Capital Revenue Requirement	-	624,999	624,999	-	1,022,121	1,022,121	-	998,052	998,052	-	974,125	974,125
Total Revenue Requirement	██████████	1,296,559	██████████	██████████	1,713,828	██████████	██████████	1,710,510	██████████	██████████	1,707,957	██████████

Column (a) - Scenario a - Assumes continued rental of equipment
 Column (b) - Scenario b - Assumes purchase of 2 Vaporizers and 6 Storage Queen
 Column (c) - Difference between scenario (a) and (b)

The Narragansett Electric Company
 Old Mill Lane Equipment Purchase

	Fiscal Year 2029			Fiscal Year 2030			Fiscal Year 2031			Cumulative (FY25-FY31)		
	(a)	(b)	(c) = (b) - (a)	(a)	(b)	(c) = (b) - (a)	(a)	(b)	(c) = (b) - (a)	(a)	(b)	
External Contracted Cost	█	-	█	█	-	█	█	-	█	█	-	█
Internal Labor & Security	394,153	663,105	268,952	405,978	682,998	277,020	418,157	703,488	285,331	2,683,394	4,514,416	1,831,022
Internal O&M	92,742	92,742	-	95,524	95,524	-	98,390	98,390	-	631,387	631,387	-
Subtotal O&M Costs	█	755,847	█	█	778,522	█	█	801,878	█	█	5,145,803	█
Capital Revenue Requirement	-	950,330	950,330	-	926,658	926,658	-	903,098	903,098	-	6,399,383	6,399,383
Total Revenue Requirement	█	1,706,177	█	█	1,705,180	█	█	1,704,976	█	█	11,545,186	█

Column (a) - Scenario a - Assumes continued rental of equipment
 Column (b) - Scenario b - Assumes purchase of 2 Vaporizers and 6 Storage Queen
 Column (c) - Difference between scenario (a) and (b)

The Narragansett Electric Company
Old Mill Lane Equipment Purchase**Assumptions:****Scenario (a)**

- 1 Scenario (a) assumes continued rental of equipment and contracted labor as well as internal labor & O&M
- 2 Assumes contracts renewed every [REDACTED] years, with a [REDACTED] for each renewal
- 3 Assumes 3% inflation increase annually for internal labor and O&M costs
- 4 Contracted costs would continue to be recovered through the annual Gas Cost Recovery (GCR) Mechanism. The internal labor & O&M would not be recovered through base rates until the next base distribution rate case. For purposes of total revenue requirement, all costs are included in the schedule

Scenario (b)

- 1 Scenario (b) assumes purchase of equipment eliminating need for rental of equipment & contracted labor, continue internal labor & O&M
- 2 Equipment purchase cost: estimated at \$ [REDACTED] Million - (2) 750 MSCFH Vaporizers & (6) Smart Storage Queens
- 3 Equipment placed in service by December 2024 for 2024/2025 Season (if approved by August 2023)
- 4 Revenue requirement calculation uses assumptions from approved FY 2024 Gas ISR Model, including 1/2 year convention in year placed in service
- 5 Revenue requirement assumes recovery of capital purchase through the Gas ISR for illustrative purposes. However, at the time of the next base distribution rate case, the asset would be include in rate base and recovered through base rates and not the ISR
- 6 Assumes 3% inflation increase annually for internal labor and O&M costs
- 7 The internal labor & O&M would not be recovered through base rates until the next base distribution rate case. For purposes of total revenue requirement, all O&M costs are included in the schedule
- 8 Capital Revenue requirement includes depreciation, return and property taxes