



STATE OF RHODE ISLAND  
OFFICE OF THE ATTORNEY GENERAL

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*Peter F. Neronha*  
*Attorney General*

May 4, 2023

Luly Massaro, Clerk  
Division of Public Utilities and Carriers  
89 Jefferson Blvd.  
Warwick, RI 02888  
[Luly.massaro@puc.ri.gov](mailto:Luly.massaro@puc.ri.gov)

***In Re: The Narragansett Electric Co. d/b/a Rhode Island Energy's Advanced Metering  
Functionality Business Case  
Docket No. 22-49-EL***

Dear Ms. Massaro:

Enclosed please find an original and nine (9) copies of the Attorney General's Statement of Position for filing in the above-referenced docket.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to contact me.

Sincerely,

*/s/ Nicholas Vaz*

Special Assistant Attorney General  
[nvaz@riag.ri.gov](mailto:nvaz@riag.ri.gov)

Enclosures

Copy to: Service List

**STATE OF RHODE ISLAND  
PUBLIC UTILITIES COMMISSION**

**IN RE: THE NARRAGANSETT ELECTRIC CO.** :  
**d/b/a RHODE ISLAND ENERGY’S ADVANCED** : **Docket No. 22-49-EL**  
**METERING FUNCTIONALITY BUSINESS CASE** :

**THE ATTORNEY GENERAL OF THE STATE OF RHODE ISLAND’S  
STATEMENT OF POSITION**

NOW COMES Peter F. Neronha, Attorney General of the State of Rhode Island (“Attorney General”), and hereby provides the following Statement of Position in the above-referenced docket, which is currently pending before the Public Utilities Commission (“Commission”).

**I. Background**

On November 18, 2022, The Narragansett Electric Company d/b/a Rhode Island Energy (“Rhode Island Energy” or the “Company”) filed a Business Case with the Commission concerning its plan for full-scale deployment of Advanced Metering Functionality (“AMF”) across the State. The Company has indicated that its filing is being made pursuant to Article II, Section C.16.a of the Amended Settlement Agreement (the “ASA”) approved by the Commission at its Open Meeting on August 24, 2018 in Docket Nos. 4770 and 4780. Pursuant to the ASA, the AMF Business Case must consider several factors, including but not limited to: (1) an evaluation of shared communications infrastructure and various ownership models for key AMF components (and the potential for incremental revenue that might be generated by these models in the future); (2) assessment of data governance regarding customer, non-regulated power producer (“NPP”), and third party access to system and customer data; and (3) a cost estimate that can be relied upon

for purposes of establishing future revenue requirements for deployment of AMF in Rhode Island. See ASA at 50.

## **II. Issues of Concern**

### **A. Act on Climate**

The Act on Climate states that it is within the “*powers, duties, and obligations of all state departments, agencies, commissions, councils, and instrumentalities*” to address “climate change mitigation, adaptation, and resilience in so far as climate change affects its mission, duties, responsibilities, projects, or programs.” R.I. Gen. Laws § 42-6.2-8 (emphasis added). The Act on Climate also sets enforceable greenhouse gas emission reduction mandates on the path to net-zero emissions by 2050. R.I. Gen. Laws § 42-6.2-9. The immediate need to address climate change and begin making decisions to ensure compliance cannot be overstated, and the mandate to have reduced emissions to forty-five percent (45%) below 1990 levels by 2030 is fast approaching. *Id.* As such, the Company’s proposed plan, and any decision rendered by the Commission, must carefully consider the impact of the Company’s proposal on Rhode Island’s ability to comply with the Act on Climate.

The Company has expressly considered the Act on Climate in presenting its business case. See e.g. AMF Business Case at Book I, 37 (noting importance of AMF and ‘future functionalities’ to achieve Act on Climate mandates). The Attorney General agrees that major investment in technology needs to be undertaken expeditiously to enable accelerated electrification. It is also worth noting that the Company’s adoption of and investment in AMF technology was delayed by its own decision under prior ownership to pursue a major change in control to facilitate a separate foreign transaction. See generally, DPUC Docket D-21-09. While the originally filed business case in Commission Docket 5113 projected complete deployment of AMF meters by 2023, the

Company is now forecasting that transition to AMF operations will be completed by June 2026.<sup>1</sup> AMF Business Case at Book II, 236 (Attachment D). This three-year period represents a substantial portion of the ten years between the Act on Climate’s 2020 and 2030 greenhouse gas emission reduction mandates. In calculating avoided CO2 emissions, the Company did not take into account the value of the reductions over time. *See e.g. id.* at Book II, 159, fn. 56 (noting calculations of emission reduction benefits without accounting for time value of reductions). But carbon reductions achieved now are more beneficial than carbon reduction realized in the future, as those emissions are saved perpetually once they are realized. Accordingly, the Commission should consider the delay, and the Company’s lack of accountability for the delay, in any cost benefit comparison or proposed rate mechanism.

This is not the only place where the timing of benefits for Act on Climate compliance becomes material to the Commission’s consideration. The Company has stated that “[o]ne of the major benefits that AMF offers Rhode Island Energy and the energy system at large, and ultimately and most importantly Rhode Island Energy’s customers, is the ability to offer Time Varying Rates (TVR).” *Id.* at Book II, 179. Time Varying Rates will enable consumers to time electric vehicle charging, back-up battery charging, and appliance usage to hours of less demand to achieve savings on their electric bill. The ability to control bill costs at this level will be important as electrification increases and all Rhode Islanders begin to bear the expenses of transitioning to a low- and no-carbon economy. But achieving TVR is not part of the Company’s current proposal—instead, the Company has indicated that TVR will be considered after AMF is fully deployed, but

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<sup>1</sup> This date is at the far end of the timelines given during the transaction review hearings before the Division of Public Utilities and Carriers. There, the PPL witness and now President of Rhode Island Energy, Mr. Bonenberger, rejected a suggestion that the AMF plan could not be completed before 2026. DPUC Docket D-21-09, December 13, 2021, T.164; excerpted as *Attachment A*.

has failed to provide a timeline for when a TVR proposal may be made. *E.g. id.* at Book II, 196 (“If the PUC approves this AMF Business Case, Rhode Island Energy will subsequently make a TVR proposal that delivers benefits to customers that meet or exceed those modeled in the Business Case as part of a future filing.”). While part of this lack of certainty exists because of regulatory steps that must be taken before TVR can become a reality, the Company alludes throughout its business case that some of the functionality necessary to enable TVR is a *future* capability of the AMF that may require further investment. *E.g. id.* at Book II, 70 (Figure 6.1: AMF Functionality Roadmap). It is of paramount importance that the Company has estimated the costs associated with enabling TVR as accurately as possible to provide a true cost and benefit analysis. Thus, the Commission must carefully tease apart the Company’s representations when calculating the net benefits of the Company’s proposal. Additionally, a true timeline should be set for consideration of TVR, ensuring that a proposal is fully considered and, if prudent, acted upon as close to meter deployment as possible, and potentially before completion of that project, so that Rhode Islanders do not experience unnecessary delay in realizing benefits and savings.

The Company’s claims that AMF might also have potential benefits for the gas distribution business should also be weighed with skepticism by the Commission. *See e.g. id.* at Book I, 69. Rhode Island is uniquely positioned to implement large-scale electrification efforts in a more efficient manner than other states in the region. The Company owns and operates both the gas and electric distribution system, and must establish a plan for those two business models to work in concert. This requires internal collaboration between the Company’s gas and electric teams to ensure that Rhode Islanders are protected from unnecessary over-investment. The sometimes-contrary views of these two teams were displayed in the recent Infrastructure Safety and Reliability (“ISR”) filings for Fiscal Year 2024. *See generally*, Commission Dockets No. 22-53-NG

(claiming a need to prepare for natural gas sector growth) and 22-54-EL (claiming a need to prepare for increasing electrification as people transition away from fossil fuels). Thus, it is troubling that, even with the pending Future of Gas Docket investigating the future of fossil fuel distribution in our State, Commission Docket No. 22-01-NG, the Company is proposing to leverage AMF to invest further in its gas distribution system to install new gas smart meters. *See e.g.* AMF Business Case at Book 1, 38 (noting that AMF Business Case “took a broader view of the strategic importance of the AMF incentives” considering, inter alia, potential for AMF for gas). Any such claimed benefit should be discounted by the possibility that future investment in the gas system will be curtailed in the Future of Gas Docket.

The Attorney General supports carefully vetted improvements to the electric distribution system that are supported by evidence and committed planning to help attain the State’s required greenhouse gas reductions. AMF has great potential to increase customer information and to improve energy efficiency methods. It may also increase the State’s ability to produce and use local renewable energy. At the same time, it is important that investment in infrastructure is done in a targeted fashion so that expenditures and benefits are realized on a schedule that supports ratepayers and the public as a whole, while avoiding unnecessary financial burden.

**B. Any Rate Mechanism Must Comply With Rhode Island Energy’s Commitments in the PPL Settlement**

In the May 19, 2022 Settlement Agreement by and between PPL Corporation, PPL Rhode Island Holdings, LLC and Peter F. Neronha, Attorney General of the State of Rhode Island (“PPL Settlement”), the Company promised it would “not file for a change in base distribution rates before three years after the Transaction’s closing,” or until certain other conditions, not relevant at the moment, were met. The Company further agreed that it would “not seek recovery through any cost recovery mechanism of the incremental costs of these Additional Commitments, and will hold

customers harmless from those incremental costs, both now and in the future.”

Despite these binding obligations, the Company’s AMF business case appears to propose new rate recovery mechanisms that would change base distribution rates. In fact, the Company “proposes that the AMF Factor be included in the Distribution Energy Charge on the customer’s bill.” AMF Business Case at Book III, 7. The charge “would be a per-kWh volumetric charge for all rate classes,” *id.*, and would rely heavily on approved mechanisms *from the last rate case* for its construction. *E.g. id.* at 7, 12, 17-18. The Company appears to acknowledge that it cannot proceed as suggested in its own description of the filing. On the one hand, the Company acknowledges that it is obligated to a three-year distribution rate stay out because of the PPL Settlement. *See id.* at Book I, 177. But in the next breath, the Company states it has “determined a separate factor is in the best interest of customers” because the Company would otherwise immediately file for the “Reopener” and seek a base distribution rate increase in contravention of the plain PPL Settlement language, requiring the Company to forecast costs during this proceeding. *Id.* In so doing, the Company has completely elided that it may not make a filing seeking to exercise the “Reopener” contemplated in the ASA because its later-in-time commitment to the Attorney General precludes any such filing. That omission attempts to hide the fact that the Company is requesting the AMF Factor as a rate recovery mechanism in order to execute an end run against its commitments from the PPL Settlement. Those commitments were made with full knowledge that the ASA had once contemplated a “Reopener” in relation to AMF, and the Company was well-aware that the new commitments in the PPL Settlement did not contain that same exception. Whether a separate factor would in fact be in the best interest of consumers appears to be a substantive part of the Commission’s required evaluation of the AMF Business Case, but such an evaluation should compare the proposed AMF Factor with a scenario where a

base distribution rate increase request could be made no earlier than May 2025. While it is not the Commission's role to approve or disapprove a proposal by the Company for the sole reason that it is violative of the PPL Settlement, which binds only the parties to that agreement, the Commission should expect the Company to explain how it plans to fulfil its obligations.

Additionally, as part of the PPL Settlement, PPL also committed the Company to the following:

PPL will include in its plan for deployment of Advanced Meter Functionality ("AMF"):

- i. costs that are no more than the estimated costs in total as proposed by Narragansett in Docket No. 5113, and Narragansett will not seek to recover from customers costs in excess of that amount, which costs shall remain subject to regulatory review and approval; and
- ii. a cost-benefit analysis that is at least as positive as the cost-benefit analysis included in the current Docket No. 5113, and bear the risk of lesser actual realized benefits.

Again, the language of this agreement speaks for itself, and the Company is required to honor its contractual obligations. The Attorney General agrees with the Company that the PPL Settlement Agreement "is a private settlement between the Company and the [Attorney General] and is not intended to supersede the Commission's exclusive jurisdiction and authority to set just and reasonable rates." Response to PUC 2-1(a). Therefore, the PPL Settlement remains enforceable outside of the context of this docket and the Attorney General will ultimately determine any issue of compliance with its terms. The Commission's determination of the costs and benefits of the AMF Business Case would certainly aid any such enforcement decisionmaking.

To that end, the Company has asserted that: "If and when there is final approved AMF Business Case [sic], the reasonable costs associated with implementing that approved business case will establish the cap on the costs for which the Company can seek recovery, including any



additional costs reasonably necessary to implement any modifications made to the AMF Business Case through the regulatory approval process.” Response to PUC 2-1(c). At the same time however, the Company also posits that: “the Company has not given up its right to seek recovery of any reasonably and prudently incurred AMF deployment costs above the cap set forth in the [PPL Settlement] that is established after approval of the AMF implementation plan, as defined in subpart c(ii), above. If the Commission determines that there are additional investments that are reasonable and prudent, the Company will have the right to seek recovery of the costs for those investments.” *Id.* at (c)(iv). The Company is not the unilateral decisionmaker about what is covered under the “cap,” and it is exactly this issue that is presented by the Company’s long time horizon for implementation and exclusion of important TVR functionality (and other functionality) as a “future” implementation stage that may incur further costs. This type of loose understanding of final costs is troubling, and must be clarified prior to any approval of the Business Case.

The need for the Commission to establish cost and recovery caps for the Company to ensure that the amount borne by ratepayers is fairly controlled goes beyond the PPL Settlement as well. The Company is extremely sophisticated and well-versed in the cost of implementing infrastructure plans. The Company also touts its experience in implementing AMF throughout the business case. *E.g.* AMF Business Case at Book II, 82 (explaining that the Company will look to replicate management of AMF implementation as occurred in PPL’s Pennsylvania utility). Accordingly, the Company should be held to assume the risk associated with failing to adhere to its proposed budget. Any approval by the Commission should be enforceable and should not simply open the door for categories of spend where the Company can simply look to the ISR process or some other mechanism to collect additional costs and revenues.

### **C. Thorough Vetting of Business Case in Light of Pending Grid Modernization Plan Docket is Essential**

The ASA contemplated careful and detailed planning for the Company’s AMF Business Case, while also highlighting the need to move forward expeditiously. The ASA also requires that the AMF Business Case and the Company’s Grid Modernization Plan should be considered together. ASA Section 15(b) at 48. The Grid Modernization Plan was filed by the Company on December 30, 2022, and that docket is only just beginning to get underway. *See* Commission Docket No. 22-56-EL. It is vital to ensure that the Commission’s approval of any AMF aligns properly with the Company’s concrete plans for Grid Modernization and vice versa. Coordination of these efforts is extremely essential to ensure that the people of Rhode Island are not duplicating efforts or inefficiently investing in large infrastructure projects.

Accordingly, the AMF and Grid Modernization must be considered in unison and approved (to the extent they are shown to be necessary) on a schedule that makes sense for Rhode Island in light of the overlapping safety, reliability, environmental, and economic impacts of these large-scale projects. The Company estimates spending of \$188 million dollars. *See e.g.* AMF Business Case at Book 1, 59. Thus, it is essential that ratepayer funds be used efficiently and responsibly to usher Rhode Island into the future, ensuring that we maximize all potential environmental and financial benefits. The Company should be held to a strict budget for any approved plan, and should be required to seek approval before exceeding that approved amount or risk non-recovery of its investments. This is consistent with the ASA’s requirement that the business case include “a cost estimate *that can be relied upon for purposes of establishing future revenue requirements for deployment of AMF in Rhode Island.*” ASA at 50 (emphasis added).

### **III. Conclusion**

This docket is ongoing, with continuing discovery and additional technical sessions scheduled over the coming months. Moreover, the parties and intervenors in this docket are expected to provide multiple rounds of testimony fleshing out concerns with the Company's proposal and potential solutions. As such, several issues remain to be vetted thoroughly and resolved as of today. It is expected that additional information will become available as the parties thoughtfully consider the Company's proposal and all potentially available alternatives.

It is essential that all of this information be taken into account by the Commission as it carefully weighs the short and long-term impacts of the proposal. Additionally, it should be noted that although the Company has requested a decision in short order, the Commission is not required to approve the AMF Business Case on the Company's preferred schedule. The timing of AMF implementation should consider the related Grid Modernization Plan and be sensitive to the financial burden it will place on ratepayers, especially during implementation, and any approval should set concrete limits for costs and revenues and clear timelines for implementation of future functionalities, including but not limited to TVR.

Respectfully submitted,

PETER F. NERONHA  
ATTORNEY GENERAL OF THE  
STATE OF RHODE ISLAND

By his Attorney,

/s/ Nicholas M. Vaz  
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Dated: May 4, 2023

CERTIFICATE OF SERVICE

I hereby certify that on the 4<sup>th</sup> day of May 2023, the original and nine hard copies of this document were sent via hand-delivery to Luly Massaro, Clerk of the Division of Public Utilities and Carriers, 89 Jefferson Boulevard, Warwick, RI 02888. In addition, electronic copies of the document were served via electronic mail on the service list for this Docket on this date.

/s/ Nicholas M. Vaz

**Attachment A**

**In The Matter Of:**  
*PPL/NARRAGANSETT ELECTRIC*  
*DOCKET NO. D-21-09*

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*December 13, 2021*

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*A-1 COURT REPORTERS, INC.*  
*200 HEROUX BLVD., NO. 811*  
*CUMBERLAND, RI 02864*  
*(401) 439-6196*

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STATE OF RHODE ISLAND  
DIVISION OF PUBLIC UTILITIES AND CARRIERS

HEARING IN RE:

PETITION OF PPL CORPORATION, PPL RHODE  
ISLAND HOLDINGS, LLC, NATIONAL GRID USA,  
AND THE NARRAGANSETT ELECTRIC COMPANY FOR  
AUTHORITY TO TRANSFER OWNERSHIP OF THE  
NARRAGANSETT ELECTRIC COMPANY TO PPL  
RHODE ISLAND HOLDINGS, LLC AND RELATED  
APPROVALS

DOCKET NO. D-21-09

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DECEMBER 13, 2021  
10:00 A.M.  
  
89 JEFFERSON BOULEVARD  
WARWICK, RHODE ISLAND

BEFORE JOHN SPIRITO, ESQ., HEARING OFFICER

1           would be the deployment of the meters which  
2           would require the integration into the  
3           customer service system.

4       Q.   So -- and you had indicated, correct me if  
5           I'm wrong, that until you get the IT, new IT  
6           implementation, the meters can't actually go  
7           in, is that correct?

8       A.   Yes.  So when you talk of the IT  
9           implementation, there are many components --

10      Q.   Right.

11      A.   -- of IT.  So the meters would be  
12           installed at the time that we can integrate  
13           with the new customer billing system.

14      Q.   Okay.  And the new IT implementation, that  
15           generic term, it's a two-year duration.  It  
16           may be sooner, it may take up to two years,  
17           it may take more than two years.  PPL's hope  
18           is that will be before two years.  The  
19           earlier that you can begin, if this deal  
20           closes, would be two years from 2022.  That  
21           would be 2024.  However, there is a -- as  
22           you indicated, a period of time between the  
23           time that you complete the actual IT  
24           implementation, you have to roll it out to



1 customers, you have to build a  
2 communications network --

3 A. You have to build a communication network  
4 before the --

5 Q. So you can collapse a little time there.

6 A. We can collapse a lot of time on the  
7 engineering, the build-out of the  
8 communication network, and then the last  
9 part would be -- the meter installation  
10 would be the last part that would require an  
11 interface to the billing system because you  
12 read meters, that goes into the billing  
13 system.

14 Q. So instead of 2026, maybe it's fair to say  
15 2025?

16 A. Possibly.

17 Q. That's probably the right time? And if we  
18 look at what Grid was going to do, they had  
19 their filings already in place, they -- it  
20 wouldn't have been stayed, it would have  
21 taken about six months to review them, they  
22 were looking to at least start -- they would  
23 have had a PUC order by now and they would  
24 have started at least that initial phase,

1 outreach to customers, in 2022 with actual  
2 meter deployment in 2023. Is that kind of  
3 fair to say?

4 A. I can't comment on their timeframe.

5 Q. Okay. So the -- at least by that reading of  
6 the scenario, you're talking about a  
7 two-year delay. Is that fair to say?

8 A. I'm not -- no. I'm not agreeing to that.

9 Q. Okay. You also mentioned on Page 19 of your  
10 testimony that there was no clear timetable  
11 for grid modernization and AMF deployment in  
12 Rhode Island, is that correct?

13 A. That's correct.

14 THE HEARING OFFICER: Mr. Wold, do  
15 you want to identify this for the record and  
16 then I'll mark it as Advocacy Section  
17 Exhibit 14?

18 MR. WOLD: I will in a moment.  
19 Bear with me for a moment.

20 (BRIEF PAUSE)

21 MR. WOLD: Advocacy Section 14 for  
22 identification is Page 46 of 175 of Docket  
23 5113, and while I'm on that topic, Mr.  
24 Hearing Officer, I had previously forwarded