

STEVEN J. BOYAJIAN

One Financial Plaza, 14th Floor
Providence, RI 02903-2485
Main (401) 709-3300
Fax (401) 709-3399
sboyajian@rc.com
Direct (401) 709-3359

Also admitted in Massachusetts

May 31, 2023

VIA HAND DELIVERY & ELECTRONIC MAIL

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

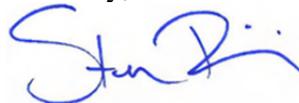
**RE: Docket No. 22-05-EE
Investigation of Misconduct by The Narragansett Electric Company
Relating to Past Payments of Energy Efficiency Program Shareholder Incentives
Responses to Division Data Requests – Set 8 Supplemental**

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 supplemental responses to Data Requests 8-1, 8-2 and 8-7 in the Division of Public Utilities and Carriers’ Eighth Set of Data Requests in the above-referenced docket.

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 22-05-EE 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.



Elaina M. Weir

May 31, 2023

Date

Docket No. 22-05-EE – PUC Investigation of Utility Misconduct or Fraud by The Narragansett Electric Co. Service list updated 4/6/2023

Name /Address	E-mail Distribution List	Phone
The Narragansett Electric Company d/b/a Rhode Island Energy Andrew Marcaccio, Esq. 280 Melrose St. Providence, RI 02907 Steven J. Boyajian, Esq. Leticia C. Pimentel, Esq. Robinson & Cole LLP One Financial Plaza, 14th Floor Providence, RI 02903	amarcaccio@pplweb.com ;	401-784-4263
	cobrien@pplweb.com ;	
	jhutchinson@pplweb.com ;	
	jscanlon@pplweb.com ;	
	mocrayne@ng.rienergy.com ;	
	dmoreira@rienergy.com ;	
	bsfeldman@rienergy.com ;	
	djtukey@rienergy.com ;	
	fcharlot@rienergy.com ;	
	bjpelletier@rienergy.com ;	
SBoyajian@rc.com ;		
LPimentel@rc.com ;		
HSeddon@rc.com ;		
National Grid USA Chery Kimball, Esq. Robert Humm Keegan Werlin LLP	ckimball@keeganwerlin.com ;	617-951-1400
	rhumh@keeganwerlin.com ;	

99 High St., Suite 2900 Boston, MA 02110 Laura Bickel, Esq. National Grid	jdunne@keeganwerlin.com ;	
	laura.bickel@nationalgrid.com ;	
	Brooke.Skulley@nationalgrid.com ;	
	Theresa.Burns@nationalgrid.com ;	
	Scott.McCabe@nationalgrid.com ;	
Division of Public Utilities and Carriers Margaret L. Hogan, Esq.	Margaret.L.Hogan@dpuc.ri.gov ;	401-780-2120
	john.bell@dpuc.ri.gov ;	
	Joel.munoz@dpuc.ri.gov ;	
	Ellen.golde@dpuc.ri.gov ;	
	Machaela.Seaton@dpuc.ri.gov ;	
	Paul.roberti@dpuc.ri.gov ;	
Tim Woolf Jennifer Kallay Synapse Energy Economics 22 Pearl Street Cambridge, MA 02139	twoolf@synapse-energy.com ;	
	jkallay@synapse-energy.com ;	
Rhode Island Attorney General's Office Nicholas Vaz, Esq. Alison Hoffman, Esq.	nvaz@riag.ri.gov ;	
	ahoffman@riag.ri.gov ;	
	mbedell@riag.ri.gov ;	
RI EERMC Marisa Desautel, Esq. Office of Marisa Desautel, LLC 55 Pine St. Providence, RI 02903 Sam Ross, Optimal Energy	marisa@desautelesq.com ;	401-477-0023
	mdewey@desautelesq.com ;	
	ross@optenergy.com ;	
Office of Energy Resources (OER) Albert Vitali, Esq. Dept. of Administration Division of Legal Services One Capitol Hill, 4 th Floor Providence, RI 02908	Albert.Vitali@doa.ri.gov ;	401-222-8880
	Nancy.Russolino@doa.ri.gov ;	
	Christopher.Kearns@energy.ri.gov ;	
	Steven.Chybowski@energy.ri.gov ;	
	William.Owen@energy.ri.gov ;	
	Anika.Kreckel@energy.ri.gov ;	
Nathan.Cleveland@energy.ri.gov ;		

Original & 9 copies file w/: Luly E. Massaro, Commission Clerk John Harrington, Commission Counsel Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	Luly.massaro@puc.ri.gov ;	401-780-2107
	John.Harrington@puc.ri.gov ;	
	Alan.nault@puc.ri.gov ;	
	Todd.bianco@puc.ri.gov ;	
	Emma.Rodvien@puc.ri.gov ;	
Interested Party/Individual		
RI Infrastructure Bank Chris Vitale, Esq.,	cvitale@hvlawltd.com ;	
	SUatine@riib.org ;	
	Larry@massenergy.org ;	
Acadia Center Hank Webster, Director & Staff Atty.	HWebster@acadiacenter.org ;	
Green Energy Consumers Alliance Larry Chretien, Executive Director Kai Salem	Larry@massenergy.org ;	
	priscilla@greenenergyconsumers.org ;	

Division 8-1 Supplemental

Request:

Refer to the Company's June 7, 2022 report at page which states, "the email review examined a collection set of approximately 500,000 emails." Also refer to the Company's response to PUC Post-Decisional 3-5 which states: "...the investigation collected approximately 5.2 million emails. After applying search terms, this resulted in approximately 162,000 responsive emails which were then reviewed by the forensic consultant."

Please reconcile the number of emails referenced in the June 7, 2022 report to the number of emails referenced in the response to PUC Post-Decisional 3-5.

Original Response:

The response to Data Request PUC-Post-Decisional 3-5 should have stated that approximately 5.2 million pieces of electronic media were reviewed (as stated in the response to Data Request Division 7-3), rather than stating "5.2 million emails." The term "electronic media" refers to electronic files collected through the data extraction, including, but not limited to, the following types of files: Microsoft Outlook (i.e., email messages and calendar invites), Microsoft Word documents, Portable Document Format ("PDF") documents, Microsoft PowerPoints, and Microsoft Excel files.

The reference to "a collection of approximately 500,000 emails" in the June 7, 2022 "Review of Invoices Within the Energy Efficiency Program" report (the "Report") was National Grid USA's understanding at the time of the report that the number of email messages collected was in the range of approximately 500,000.

Since then, National Grid USA has more precisely identified the following figures as arising from the forensic consultant's review of electronic media:

1. Approximately 1,300 GB of electronic media data was extracted from the Program Managers in the Rhode Island Energy Efficiency group for the period January 1, 2012 and August 18, 2021, comprised of 27 available mailboxes to review.
2. Approximately 5.2 million pieces of electronic media were collected, processed, and run against key word searches. That amount included approximately 3.7 million email messages (including calendar invites).

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3. The forensic consultant applied 148 search terms to the 5.2 million pieces of electronic media. A list of the 148 search terms was provided in Attachment PUC Post-Decisional 3-6.
4. The key word searches produced approximately 162,000 pieces of reviewable electronic media. The forensic consultant then conducted a manual review of the reviewable electronic media.

Supplemental Response:

Subsequent review of the electronic media data determined that the collection of emails from the 27 program managers consisted of approximately 5.3 million emails and attachments.

The investigation team applied the 148 search terms (provided in Attachment PUC Post-Decisional 3-6) to the 5.3 million documents to identify documents relating to out-of-period invoicing in The Narragansett Electric Company's energy efficiency programs. Subsequent quality-control measures determined that the 148 search terms and email threading yielded approximately 173,000 documents.¹

The investigation team manually reviewed each of the 173,000 documents for relevance.

¹ Email threading increases the efficiency of reviewing emails by gathering all forwards, replies, and reply-all messages together. Inclusive documents are those that contain certain unique content not included in any other email. An email with no replies or forwards is, by definition, inclusive. The last email in a thread is also by definition inclusive. In comparison, non-inclusive emails are those whose text and attachments are fully contained in other (inclusive) emails and may therefore be skipped in an email review.

Division 8-2 Supplemental

Request:

Refer to the Company's response to DIV 1-7, DIV 1-28A & DIV 1-28B and Attachment DIV 1-28A-1. Of the 243 employees identified, at least 20 have a job title of either Director or Vice President. Please explain why it is not reasonable to assume that these management level employees should have been aware of discussions relating to out-of-period invoices?

Original Response:

There is not yet sufficient information to conclude what the referenced management employees knew or did not know about the practice of out-of-period invoicing that was occurring during the time-period 2012 through June 2021. As soon as senior management became aware of the practice, National Grid USA ("National Grid") and The Narragansett Electric Company took immediate action to investigate and rectify the issue. 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.

Supplemental Response:

Please see the Report on Investigation of Out-of-Period Invoicing within the Rhode Island Energy Efficiency Program (2012-2021), filed by National Grid USA on March 10, 2023, for information regarding what management level employees knew or did not know about out-of-period invoicing from 2012 through 2021.

Division 8-7 Supplemental

Request:

Refer to the Company's response to PUC Post Decisional Attachment 3-4-1 (Redacted) page 2: "As discussed and agreed with all invoices pushed over to next year must be removed by the end of the day today or otherwise accrued manually for 2012."

- A. Provide all invoices referenced in this email.
- B. From where were these invoices "removed"?
- C. Were these items accrued manually in 2012? If so, provide the journal entry and supporting detail related to the accrual.
- D. Did the investigation consider accruals related to the energy efficiency? If so, what procedures did the investigation perform, and what were the findings?

Original Response:

- A. The email quoted above references five invoices dated in December 2012. The referenced invoices are no longer available to either The Narragansett Electric Company ("Narragansett"), National Grid USA ("National Grid"), or the vendor at the time.
- B. Narragansett and National Grid are not able to determine to whether the referenced invoices were "removed." As indicated in PUC Post-Decisional Attachment 3-4-1, to the extent invoices were "removed," the email requests the vendor to remove it from the InDemand system.
- C. Narragansett and National Grid are unable to verify if these specific items were accrued.
- D. Yes. National Grid and the forensic consultant considered accruals for the Residential Upstream Lighting program as part of the work that produced the June 7, 2022 "Review of Invoices Within the Energy Efficiency Program" report (the "Report"). For the Residential Upstream Light program, this work determined that the energy efficiency savings calculation is dependent upon the *invoice payment date* and not whether or when amounts expended through the program were accrued.

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With respect to the accrual process, invoices received, and payments made, in a calendar year are recorded in that calendar year. Similarly, if an invoice is received and paid before the mid-January cut-off date for the energy efficiency programs, it properly counts for the prior year. Accruals are recorded in the General Ledger at every month-end, on the basis of work completed. Where an expense was accrued for December, and the payment made before the mid-January cutoff date, those transactions were properly counted toward the prior year, closing out the respective transaction. However, for any invoice received and subsequent payment made after the mid-January cutoff date, the transaction counted toward the year in which the payment was made.

Because the implementation expenses and energy savings associated with the Residential Upstream Lighting program are tabulated on the basis of *invoice payments*, moving the payment into the next calendar year (after the January cut-off date) had the effect of moving the implementation expenses and energy savings into the next calendar year as well. Reporting of energy efficiency program savings and implementation expenses were performed on the basis of invoices received (with sales activity corresponding to the year that just ended) *and paid* before the mid-January cutoff date.

For example, if sales activity occurred in 2016, and an expense was either accrued for this activity during 2016 or a lighting manufacturer's invoice was received by December 31 of that year, and then payment was made on January 5, 2017 (before the mid-January payment cutoff), then the implementation expense and energy savings for that payment was properly applied in 2016 for program reporting purposes, closing out the transaction. If, however, the accrual occurred or an invoice was received prior to December 31, 2016, and then payment was not made until January 25, 2017 (after the mid-January payment cutoff), then the payment – and the associated implementation expense and energy savings – would be included in 2017.

Also, in terms of accruals, lighting manufacturers submitted invoices to the invoice processor with sales information (e.g., date of sales, quantities sold), and then the invoice processor consolidated invoices from several manufacturers into one request for payment to Narragansett by submitting the consolidated request through InDemand. This process is explained in response to Data Request Division 8-5. Accruals were performed on the basis of the consolidated invoices. Although the monthly accrual process was conducted in relation to the consolidated invoices, the accruals did not produce or result in program savings.

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The Energy Efficiency Accounting group monitored the monthly energy efficiency accruals, which reflected ongoing sales activity in the Residential Upstream Lighting program, to detect any significant variances in the month-over-month changes in accrued amounts, as explained in more detail in the response to Data Request Division 8-9. However, to the extent that payments on individual invoices were delayed into the next year, the associated sales activity, may not have been significant enough to trigger an unusual change in the ongoing, monthly accrual amounts.

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.

Supplemental Response:

- D. In addition to the information provided in the original response, above, please see the Report on Investigation of Out-of-Period Invoicing within the Rhode Island Energy Efficiency Program (2012-2021), filed by National Grid USA on March 10, 2023, for an overview of the investigation performed and the findings of the investigation.