State of Rhode Island
Office of the Attorney General

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Peter F. Neronha
Attorney General

August 24, 2023

Luly Massaro, Clerk
Division of Public Utilities and Carriers
89 Jefferson Blvd.
Warwick, RI 02888
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 Post-hearing Comments 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

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 POST-HEARING COMMENTS

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

As requested by the Commission, these comments highlight issues that the Attorney General believes should be addressed at an open meeting concerning the Commission's decision in this matter. These comments are not exhaustive, and the Attorney General's full position in this docket has been provided previously in his Statement of Position, Surrebuttal Statement of Position, and throughout the hearing process.

Specifically, the Commission should address: (1) approval of the proposed investment in Advanced Meter Functionality ("AMF"); (2) the method of recovery for AMF-related expenses; (3) a clear cap on the Company's recoverable costs associated with any approved scope of the AMF Business Case; (4) the need for tracking and accountability related to the Company's actual achieved benefit/cost ratio; (5) a timeline for realization of customer benefits including access to real-time data, time of use rates ("TOU") and Time Varying Rates ("TVR"); and (6) continuing due process protections for Rhode Island utility customers.

I. The Commission should generally approve the Company's Advanced Metering Functionality Business Case.

AMF has a great potential to increase customer information, improve energy efficiency methods, and increase production and use of local renewable energy. Although not required to come to any particular decision in this docket, the Commission should approve Rhode Island Energy's (the "Company") Business Case for AMF and allow the Company to go forward with installation of AMF meters to replace the current Automatic Meter Reading ("AMR") meters (with the exception of certain opt-out customers).

Moreover, the Company should be required to go forward with the transition to AMF as laid out in its business case, as most of the current meters are nearing the end of their useful life. The Company has clarified its position on AMR's ability to facilitate safe and reliable service in the present, and walked back its language stating that continued use of AMR would be "imprudent." Still, the Company has continued to opine, through its written filings and testimony at the hearings in this docket, that AMR meters are not "cost-effective or practical" and will "be more difficult to service and maintain" and will eventually become "obsolete" and unsupported. *See* Business Case at Book II, Section 3.1. Accordingly, not only should the Company move forward with AMF meters, it should be prohibited from recovering for replacement of AMR meters with new AMR meters that will ultimately be destined for obsolescence before the end of their useful life.

II. Recovery for capital investments should be considered through the annual ISR, but the Commission should not allow a regulatory asset or recovery for additional Operation and Maintenance expenses prior to the next base rate case.

The Commission should consider the method for cost recovery if the Company is allowed or required to move forward with AMF. To that end, the Company's proposed "AMF Factor" is

inappropriate and should not be approved. Instead, AMF capital investments should be proposed and included in the regular, annual ISR Infrastructure Safety and Reliability ("ISR") Plan process. If the investments are deemed reasonably needed in that year, the Company will be able to recover the capital costs of its investment, plus any relevant revenue requirement.

In its "Statement of Alternative and Additional Positions" at paragraph 1, the Company has indicated that it can recover the cost of capital investments for AMF implementation through the ISR. However, the Company has also requested that the Commission allow a regulatory asset for all Operations and Maintenance ("O&M") costs incurred for the implementation of AMF up until the Company's next base rate case. The Attorney General opposes this proposed regulatory asset, as O&M is already included in current base distribution rates and should be held constant until the next base rate case.

Even assuming that proposed benefits for avoided cost savings are credited against the regulatory asset, the Company has still opined that the regulatory asset would be worth nearly $12 million at the time of the next base rate case, to be amortized over three years. *See* Response to Record Request 6. If the next base rate case is delayed for any reason (such as failure to complete the Transition Service Agreements related to the recent sale of The Narragansett Electric Company) that asset would continue to grow and collect interest at significant costs to ratepayers. This expense, as explained further below, would be incurred without the level of scrutiny and adversarial testing generally afforded to increases in O&M costs and would undercut the Company's commitments made when entering the Rhode Island market.

The Company does not dispute that O&M related to AMF would normally be included in base distribution rates. During base rate cases, "the Company must forecast the level of rate base and operation and maintenance during the relevant rate years. That price remains fixed until the

Company comes in for another base distribution rate case." Briggs & Johnson Rebuttal Test. at 12 of 16: 20-22. Therefore, the estimated O&M costs as forecasted in 2018 are already included in base rates pursuant to the current Amended Settlement Agreement establishing base rates. The Company has agreed to hold those base rates steady, as a condition of the approval of the recent sale, and in accordance with 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"). In agreeing to a "stay out" related to the base rate case, the Company agreed that the amount of allowable O&M would remain constant until the next base rate case. Without a full base rate case, it is not possible to ensure ratepayers would not be responsible for double-recovery of O&M - there is not a full accounting of current O&M on the table now, and therefore there is no comparison to ensure that the proposed increased O&M from the AMF proposal is truly incremental.[1] The Company voluntarily undertook its commitment to a freeze on base rates, and did so with full knowledge that O&M costs are held constant until the next rate case as a matter of course; the value of that commitment should not be diluted by allowing recovery of those costs, through the creation of a regulatory asset or otherwise.

III. The Company should be held to a strict cap for the full length of the business case, and potentially a separate cap during implementation.

The Commission should also articulate a clear cost-recovery cap tied to the approved scope of the Company's AMF Business Case. The Company has committed to providing AMF at a cost of no more than $289 million in nominal dollars. Additionally, via the PPL Settlement, the Company has committed that it "will not seek to recover from customers costs in excess of [the

[1] The Company's response to PUC 1-30 evidences that the Company is proposing to continue using the full and unadjusted O&M allowance from the last base rate case, while additionally collecting certain AMF-related O&M. This approach benefits the Company at the expense of ratepayers, without the benefit of normal regulatory oversight afforded in a full rate case.

estimated costs in total as proposed by the Company in Docket No. 5113], which costs shall remain subject to regulatory review and approval[.]" As a result, the Company's spending on AMF should be reported annually in a manner that allows for proper review of the Company's commitment to those cost recovery caps. Were the Company to spend more than its cap at any point, recovery should be disallowed.

As highlighted during the hearings, tracking compliance over a twenty-year period presents certain challenges. Accordingly, the Commission may want to consider an additional cost cap for the more near-term implementation phase of AMF. That cap should be tied to the Company's proposed costs during the selected period. Again, recovery of any costs exceeding that cap should be disallowed.

Additionally, throughout the hearings, the Company made reference to a potential need to adjust the cost cap(s) should any Commission decision alter the scope of the proposed AMF Business Case. To avoid future confusion, any cap set by the Commission should also clearly identify the scope of the work falling thereunder. Moreover, any future AMF implementation-related work that the Company seeks to exempt from the cap should be identified by the Company prior to any costs being incurred, and the Company should have the burden of explaining why said costs should be separate from the established cost cap(s).

IV. The Company should be required to track its achieved benefits and incurred costs for comparison to the proposed BCA with annual reporting, and the Company should bear the risk associated with failing to achieve a B/C ratio less than 2.4.

The Company and the Division of Public Utilities and Carriers ("Division") will likely be working on an accountability plan to be submitted for review to the Commission at some point after the Commission's rulings in this docket (assuming some form of approval for AMF). The Company has proposed a timeline of six months for the development of that plan. *See* Statement

of Alternative or Additional Positions, at ¶ 6. However, the Commission should direct that any such plan include adequate tracking of costs and benefits, as well as actual accountability for the Company. The Company, through the PPL Settlement, has promised Rhode Islanders a "cost-benefit analysis that is at least as positive as the cost-benefit analysis included in [ ] Docket No. 5113, and bear the risk of lesser actual realized benefits." Thus, the Company should be held responsible for failing to achieve at least the 2.4 B/C ratio provided for in Docket 5113. Any accountability plan should require regular reporting of costs and benefits for the full 20 years of the business case, which should be provided in a manner that it is accessible to the public. Additionally, any such plan should also establish a means for ensuring that the Company realizes a B/C ratio of at least 2.4, even if that means that the Company must be denied recovery for certain costs or be required to reimburse ratepayers to increase its ratio. This mechanism need not be difficult to administer; it could be implemented as a straight rate credit to ratepayers. The Company's position that an "accountability" plan should not come with any type of penalties for failure to realize the promised benefits is unacceptable.

V. Potential technological capabilities and benefits should be realized as soon as possible, and the Company should be required to prepare proposed rates for TOU and TVR.

The Company has indicated throughout this docket that there are great potential benefits from customers having access to near-real time data and new rate structures such as TOU and TVR. Accordingly, the Company should be required to provide these benefits as soon as possible. In response to Record Request 11, the Company outlines its ability to provide near-real time data to customers and load disaggregation much sooner than originally proposed, via Sense, a program that is pre-programmed into the proposed AMF meters. The Company should also be directed to

prepare a proposal for TOU and TVR rates (including a customer education plan) on a clear timeline, so that there is no delay in the Commission's ability to review those proposed rates.

VI. Customer due process should be explicitly addressed, even though the law clearly protects customers regardless of technology advancements from AMF.

As highlighted by the advocacy of the George Wiley Center during this docket, there are several due process protections for Rhode Island utility customers that should not be impacted by the implementation of AMF. These include, but are not limited to, protections related to termination of service as outlined in R.I. Gen. Laws § 39-1 et seq. and the Commission's Rules and Regulations set forth at 810-RICR-10-00-1. Although the Company has not disputed that these protections will continue, any decision rendered by the Commission should explicitly note this fact to ensure that the public is able to understand that their rights are unaffected by this change in technology. Any major utility change, like meter replacement, can be a source of confusion to individual and household customers, and it is important to inform the public about the change's impacts to existing rights.

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: August 24, 2023

CERTIFICATE OF SERVICE

I hereby certify that on the 24th day of August 2023, the original and nine hard copies of this Motion were sent via in 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 Motion were served via electronic mail on the service list for this Docket on this date.

/s/ Maria Bedell