

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

September 11, 2023

VIA HAND DELIVERY & ELECTRONIC MAIL

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

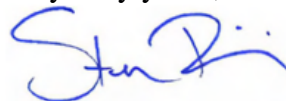
RE: Docket 23-23-NG – 2023 Distribution Adjustment Charge and Gas Cost Recovery Filing - Responses to PUC Data Requests – Set 3

Dear Ms. Massaro:

On behalf of Rhode Island Energy,¹ I have enclosed the Company's responses to the Public Utilities Commission's ("PUC") Third Set of Data Requests in the referenced docket.

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

Very truly yours,



Steven J. Boyajian

Enclosures

cc: Docket 23-23-NG Service List
Leo Wold, Esq.
John Bell, Division
Al Mancini, Division

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

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

September 11, 2023

Date

**Docket No. 23-23-NG – Narragansett Electric Co. d/b/a Rhode Island Energy 2023 Gas
Cost Recovery Filing (GCR)
2023 Distribution Adjustment Clause (DAC)
Service List as of 8/15/2023**

Name/Address	E-mail	Phone
The Narragansett Electric Company d/b/d Rhode Island Energy Celia B. O'Brien, Esq. 280 Melrose Street Providence, RI 02907	cobrien@pplweb.com ;	401-578-2700
	jhutchinson@pplweb.com ;	
	jscanlon@pplweb.com ;	
Steven Boyajian, Esq. Robinson & Cole LLP One Financial Plaza, 14 th Floor Providence, RI 02903	SBoyajian@rc.com ;	401-709-3337
	lpimentel@rc.com ;	
	HSeddon@rc.com ;	
Rhode Island Energy Stephanie A. Briggs Jeffrey D. Oliveira Tyler G. Shields Peter R. Blazunas James M. Stephens Stuart Wilson Tim Jones Michele V. Leone Laeyeng H. Hunt Brandon W. Flynn Julie M. Porcaro Kate Grant Terry J. Crupi	SBriggs@pplweb.com ;	
	JOliveira@pplweb.com ;	
	TGShields@pplweb.com ;	
	pblazunas@ceadvisors.com ;	
	Stuart.Wilson@lge-ku.com ;	
	tim.jones@lge-ku.com ;	
	MVLeone@RIEnergy.com ;	
	LHHunt@RIEnergy.com ;	
	BFlynn@RIEnergy.com ;	
	JMPorcaro@RIEnergy.com ;	
	jmstephens@pplweb.com ;	
kgrant@rienergy.com ;		
tjcrupi@pplweb.com ;		

National Grid Samara Jaffe Elizabeth Arangio Megan Borst John Protano Theodore Poe, Jr. Shira Horowitz	Samara.Jaffe@nationalgrid.com ;	
	Elizabeth.Arangio@nationalgrid.com ;	
	Megan.borst@nationalgrid.com ;	
	John.Protano@nationalgrid.com ;	
	Theodore.PoeJr@nationalgrid.com ;	
	Shira.Horowitz@nationalgrid.com ;	
Division of Public Utilities (DIV) Leo Wold, Esq. Division of Public Utilities 150 South Main St. Providence, RI 02903	Leo.wold@dpuc.ri.gov ;	401-780-2177
	John.bell@dpuc.ri.gov ;	
	Al.mancini@dpuc.ri.gov ;	
	Margaret.L.Hogan@dpuc.ri.gov ;	
	Paul.roberti@dpuc.ri.gov ;	
	Ellen.Golde@dpuc.ri.gov ;	
	Machaela.Seaton@dpuc.ri.gov ;	
Jerome Mierzwa Exeter Associates, Inc. 10480 Little Patuxent Parkway, Suite 300 Columbia, MD 21044	jmierzwa@exeterassociates.com ;	410-992-7500
	lmorgan@exeterassociates.com ;	
David Effron Berkshire Consulting 12 Pond Path North Hampton, NH 03862-2243	Djeffron@aol.com ;	603-964-6526
File an original & nine (9) copies w/: Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	Luly.massaro@puc.ri.gov ;	401-780-2107
	Patricia.lucarelli@puc.ri.gov ;	
	Alan.nault@puc.ri.gov ;	
	Christopher.Caramello@puc.ri.gov ;	
	Todd.bianco@puc.ri.gov ;	
	Emma.rodvien@puc.ri.gov ;	
Christopher Kearns Office of Energy Resources	Christopher.Kearns@energy.ri.gov ;	
	William.Owen@energy.ri.gov ;	
Nicholas Vaz, Esq. RI Attorney General Office	nvaz@riag.ri.gov ;	
	mbedell@riag.ri.gov ;	
James Crowley, Esq. Conservation Law Foundation	jcrowley@clf.org ;	

PUC 3-1

Request:

Refer to the testimony of Nathan Kocon filed in the FY 2022 ISR reconciliation in Docket 5099, page 15 of 18, lines 5-8, stating: "The Company also purchased certain specialty equipment that is no longer available to be borrowed from the Boston Gas Company now that the sale of the Company has been completed, such a Kleiss systems, Williamson equipment, and hole hogs."

- (a) Please indicate the dates the referenced equipment was purchased.
- (b) Please provide a more complete description of each of the referenced equipment.
- (c) If the specialty equipment was no longer available because the purchase of the Company by PPL was completed, please explain why the cost of the referenced equipment should not be treated as a transition cost that is not recoverable from ratepayers.
- (d) Please explain the difference between the "Williamson equipment" identified in the FY 2022 reconciliation and the "Williamson ProStop" which is referenced in the FY 2023 reconciliation.

Response:

- (a) **1. Kleiss systems:** The Company ordered the Kleiss systems on June 23, 2021 and received them (purchased them) on November 23, 2021. These systems were not previously owned by The Narragansett Electric Company and are the best examples of tools and equipment borrowed, as needed, from the Boston Gas Company.
- 2. TD Williamson Equipment:** T.D. Williamson manufactures and sells a variety of pipeline tapping, plugging, isolation and valve equipment and components. The Company makes several purchases from T.D. Williamson on an annual basis, as was the case in FY2022. The Company made purchases from T.D. Williamson on the following dates:
 - June 18, 2021 (Shortstopp cutters)
 - July 13, 2021 (T-101b tapping machine and air motor assembly)
 - August 16, 2021 (Shortstopp and Stopple tap hole saw, holesaw pilot assembly)
 - August 20, 2021 (Shortstopp plugging head assembly, cutters, and adapters)
 - November 30, 2021 (Sealing cups)

PUC 3-1, page 2

- March 22, 2022 (Shortstopp plugging machine and variety of sealing cups, elements and adapters)

Purchases were made for a variety of reasons. For example, Stopple Train equipment added to the Company's capabilities. Tapping and Stopping Equipment was purchased for a variety of factors including increased volume of Gas ISR work being performed by in-house crews and increased wear and tear on existing tools, which meant the Company purchased the tools and equipment, in part, to replace worn out tools and equipment. Others were purchased to adequately equip Company crews and were considered necessary additions to available tools inventory. The Company also purchased a normal variety of high use parts like stopper cups and hole saws that wear out, driven in part by the increased demand for Gas ISR work, and need ongoing replacement.

3. **Hole Hogs:** The Company purchased Hole Hogs from two different vendors (different models) in FY2022. The Company purchased from TT Technologies on November 23, 2021. The Company then purchased from BoreWright on December 8, 2021.

(b) **Tools & Equipment Descriptions:**

1. **Kleiss systems** – used to stop the flow of gas in polyethylene, steel, cast-iron (and PVC if it were applicable) at diameters up to 18 inches and pressures up to 60 psig.



2. **T.D. Williamson equipment**

- i. Tapping Machines – used to make a new connection into a live pipeline.

PUC 3-1, page 3

- ii. Plugging Machines – allow operators to safely and reliably isolate in-service sections of pipe during maintenance, repair and replacement.
3. **Hole hogs** –The hole hog is an underground piercing tool that is pneumatically operated. The hole hog piercing tool travels underneath roads, walkways, lawns and driveways allowing them to remain undisturbed during utility installation. Another common field term/name for this piece of equipment is “The Bullet”.



- (c) As stated in the Company's response to Record Request 1-1, RIPUC Docket Nos. 22-13-NG and 22-20-NG:

Prior to the sale of The Narragansett Electric Company (the “Company”) to PPL Rhode Island Holdings, LLC, the Company's gas operations groups occasionally used capital tools purchased and owned by other National Grid operating companies. Examples of these tools include a Kleiss Stop and a TD Williamson tapping and stopping machine, both of which are used during certain construction or maintenance operations. When these tools were used, it was typical for qualified personnel from the lending operating company to charge, at the employees' normal hourly rates, including overtime if applicable, any time it took them to deliver, operate, and retrieve the tools to the Rhode Island work order for which the tool was required. There were no additional tool usage charges, rents, or fees. The Company had no ownership share in the equipment, and the Company's customers did not incur any cost in connection with the acquisition of the borrowed equipment.

In other words, because the Company did not have an ownership stake in the tools and equipment that it had borrowed from Boston Gas Company in the past, and the tools and equipment that the Company purchased to use on the Rhode Island Gas system were not duplicative of any tools and equipment for which Rhode Island customers were already paying in distribution rates, the cost for such tools and equipment is not a transition cost.¹ Prior to purchasing the referenced tools and equipment, the Company

¹ The term “Transition Costs” is defined in the Division of Public Utilities and Carriers' Report and Order No. 24322 in Docket No. D-21-09 (the “Approval Order”) dated and effective February 23, 2022, at 250 (please see Attachment

PUC 3-1, page 4

- considered three primary factors 1) Does the Company need to have these tools and equipment available? 2) Do the tools and equipment make its crews safer and/or more efficient? 3) Would the Company use the tools and equipment more frequently if they owned it, or more of them? The answer to all three questions was yes. Therefore, the purchase of the referenced tools and equipment enhanced the Company's ability to perform work safely and/or efficiently on Gas ISR projects, which provides new or enhanced benefits to customers.
- (d) As mentioned in part (a) of this response, T.D. Williamson manufactures and sells a variety of pipeline tapping, plugging, isolation and valve equipment and components. The Company makes several purchases from T.D. Williamson on an annual basis. The T.D. Williamson equipment referenced in the FY2022 Gas ISR Reconciliation is different in size (smaller – a little bigger than a standup vacuum) and the capabilities are more basic as compared to the T.D. Williamson ProStopp, which is referenced in the FY2023 Gas ISR Reconciliation. The following photographs depict the ProStopp equipment when it first arrived on Company property (the equipment and crates are dark red).

A helpful video showing how the equipment functions can be found at the bottom of this website link: <https://www.tdwilliamson.com/solutions/intervention-and-isolation/plugging-machines/prostopp-ds-isolation-tool>

PUC 3-1-1 for relevant excerpt). The Company is providing the document referenced as "Exhibit A" on page 250 of the Approval Order as Attachment PUC 3-1-2.

PUC 3-1, page 5



1. Commitment to address the request for a stay-out agreement:

Narragansett will not file a base rate case seeking an increase in base distribution rates for gas and/or electric service sooner than three (3) years from the date that PPL Rhode Island Holdings, LLC's ("PPL RI") acquisition of The Narragansett Electric Company ("Narragansett") from National Grid USA ("Transaction") closes (the "distribution base rate stay-out period").

2. Commitments concerning the recovery of Transition Costs:

During the transition period and as part of the integration of Narragansett, PPL will (1) install certain information technology ("IT") systems; (2) build physical facilities in Rhode Island; (3) implement certain electric and gas distribution operations systems, and (4) incur costs related to severance payments and to communications and branding changes related to the Transaction ("Transition Costs"). PPL estimates that it will incur approximately \$400M in relation to the defined Transition Costs. The current list of anticipated Transition Costs broken down by cost category is attached as Exhibit "A." With respect to these Transition Costs, PPL and PPL RI commit that:

- a. Narragansett will not seek recovery of any Integration and Regulatory Planning costs (currently estimated to be \$48.1 million); Severance Costs for National Grid Employees (currently estimated to be \$15.4 million); Pre-Close National Grid Costs to be Reimbursed to National Grid at Close for Branding (currently estimated to be \$4.4 million); or for enterprise resource planning ("ERP") Separation for Day 1

Transition Service Agreement (“TSA”) needs (currently estimated to be \$8.2 million).

- b. For the IT new systems implementation costs (currently estimated to be \$315 million), Narragansett will not seek recovery of \$250 million of the total, actual costs.
- c. Narragansett will seek recovery of IT system implementation costs exceeding \$250 million, **only if** Narragansett can demonstrate that the incurrence of these costs to achieve system implementation has produced savings for Rhode Island customers that are quantifiable, verifiable and demonstrable.
- d. Narragansett will not seek to recover in rates, including but not limited to base distribution rates and the ISR recovery mechanisms, any Transition Costs that are duplicative of existing costs, services, or assets for which Rhode Island customers already have paid through distribution rates.

PPL reserves the right for Narragansett to request recovery for costs related to the Rhode Island Operations Facilities (currently estimated to be \$17.0 million) that will be invested in Rhode Island and will be the work location for Rhode Island employees and to serve Rhode Island customers. PPL acknowledges that Narragansett carries the burden to demonstrate that there is a direct benefit to customers as a result of the incremental investment. The Division of Public Utilities and Carriers (the “Division”), as

EXHIBIT "A"

<u>Transition Cost Categories</u>	<u>Cost estimates (millions)</u>
Integration and Regulatory Planning (PWC, Legal and internal)	\$ 48.1
Severance Costs for Grid Employees (per terms of SPA)	\$ 15.4
Pre-Close Grid Costs to be Reimbursed to Grid at Close	
Branding	\$ 4.4
ERP Separation for Day 1 TSA needs	\$ 8.2
IT new systems implementation ¹	\$ 315.0
RI Operations Facilities ²	<u>\$ 17.0</u>
Total Estimated Transition Costs	\$ 408.1

¹ **IT Systems including the following:**

Core Customer Service Center Capabilities, including IVR and Telephony
Essential Customer facing website and services
Customer Billing System
Gas Engineering/Specialty Technology
Gas Commodity Trading and Risk Management
Electric Engineering/Specialty Technology
Core Gas SCADA and Control Center
Core Electric SCADA and Control Center
Electric & Gas Work Management
Gas and Electric Geographic Information Systems
Data and Content Transfer and Rehosting Activities
Core Finance capabilities
Supporting Integration, Server, Infrastructure and Storage Technology
Core Network & Telephony capabilities
Employee Workstation & Mobile Devices
Core HR and employee service capabilities
Cybersecurity Technology and Supporting Capabilities
IT Service Management Capabilities

² **Rhode Island Operations Facilities include the following:**

Customer Service Center
Training Center
Distribution Control Center