



**STATE OF RHODE ISLAND
DIVISION OF PUBLIC UTILITIES & CARRIERS**

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October 25, 2023

Ms. Luly Massaro, Clerk
Public Utilities Commission
89 Jefferson Blvd.
Warwick, RI 02888

Re: Docket No. 22-56-EL

Dear Ms. Massaro,

In anticipation of the conference call scheduled for October 26, 2023, the Division writes to provide the Commission with its thoughts regarding the proposed GMP “pre-vetting process” set out in Commission counsel’s e-mail dated October 24, 2023. In the e-mail, staff analogizes GMP investments to AMF investments. As both are “high up front cost/low benefit on their own investments” that “enable other scalable solutions,” staff concludes conducting “a pre-vetting process [for GMP pre-requisite investments], similar to the AMF process, would likely be more appropriate and successful.” Once approved, the “program would be ready to flow through the ISR as determined by the Commission.”

Unlike AMF investments which are made over a relatively short timetable (five years or less), are well known, driven by the need to replace outdated meters and associated technology mostly for billing purposes, GMP investments are made over a 20-year or greater time-horizon and may vary greatly in character from year to year depending upon the demands placed on the electric distribution system at any particular time. As technology evolves and system conditions are known, the Company’s intended GMP solutions must evolve as well. For an example of how GMP investments may vary depending the demands placed on the system, one need only look as far as the Company’s Volt-Var Optimization Program (“Volt-Var”). A GMP-like investment, Volt-Var was successfully implemented through the Company Electric ISR Program for the purpose of reducing demand and energy consumption (3 to 5 percent) on the electric distribution system, thus extending the longevity of the system and creating a dramatic cost savings. However, as more and more distributed energy resources became connected to the system, a new RIE study revealed the program no longer served its intended purpose and the dramatic power cost savings no longer would exist therefore RIE paused the VVO program. The Company is now pivoting to installing smart regulators and capacitors.

Unlike AMF investments, due to their dynamic character, GMP investments approved today through a “pre-vetting process, similar to the AMF process” may not be reasonable or prudent GMP investments in future Electric ISR years. Further, even if proposed GMP investments remain reasonable and prudent, due to the same dynamic character, it is highly unlikely that “once approved,” the initial amounts will remain “right-sized, right timed” or “best fit, least cost” that can simply “flow through the ISR” year after year.

The GMP that the Company has filed is not an investment plan by the Company’s own admission. The GMP is rather a strategic vision to select current day known technology to solve future hypothetical worst case system, scenarios. The Division and its consultant strongly recommend that specific grid modernization additions, by their very nature, should be evaluated each year given the defined need, their BCAs and how the capital requests provide the best value and solution for customers considering all the specifics at the time of the filing. The Company’s GMP is mostly driven by worst case DER enablement absent any consideration for continued modernization of DER (such as inverter technology which has been rapidly improving) which will place much less strain on the distribution system thus making the present GMP technology obsolete.

The administrative process afforded under the Electric ISR provisions in the Revenue Decoupling Statute provide a legally appropriate and a reasonable process by which to conduct the Commission’s review of GMP investments. Differentiated from investments in traditional “utility infrastructure,” a principal purpose of GMP investments, after all, is to “maintain safe and reliable distribution service over the short and long-term term,” particularly in view of the ever-increasing demands being place on the system. *See* R.I. Gen. Laws § 39-1-27.7.1(d)(4). Further, in conducting their review, the Division and its consultant will view any new project as an advancement of the newest equipment and technology to solve a specific identified need in the most cost effective manner (both short term and long term) within the confines of *safety* and *reliability* recognizing the need for customer affordability of the service. To the extent that the Company references its GMP and/or supplemental GMP filing as part of the justification for an investment in the ISR Plan, the Division will take into consideration those documents when reviewing the prudence, reasonableness and cost-effectiveness of the proposed expenditure in the pertinent Electric ISR Plan Year. In this manner, when it commences its 90-day ISR review, the Commission will have the full benefit of the Division’s and its consultant’s review and recommendations in view of the circumstances that purportedly necessitate the proposed GMP investments rather than running the risk of relying on outdated information.

Thank you for your attention to this correspondence.

Respectfully submitted,

Division of Public Utilities and Carriers

/s/ Leo J. Wold

Leo J. Wold, Esq.
Chief of Legal Services

cc: Service List