

Jennifer Brooks Hutchinson
Senior Counsel
PPL Services Corporation
JHutchinson@pplweb.com

280 Melrose Street
Providence, RI 02907
Phone 401-784-7288



February 20, 2024

VIA ELECTRONIC MAIL

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

**RE: Docket No. 23-49-NG – The Narragansett Electric Company d/b/a
Rhode Island Energy’s Proposed FY 2025 Gas Infrastructure, Safety, and
Reliability Plan
Responses to PUC Data Requests – Set 7**

Dear Ms. Massaro:

On behalf of The Narragansett Electric Company d/b/a Rhode Island Energy, I have enclosed the Company’s responses to the Public Utilities Commission’s (“PUC”) Seventh Set of Data Requests in the above-referenced matter.

Thank you for your attention to this matter. If you have any questions, please contact me at 401-316-7429.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Jennifer Brooks Hutchinson", with a long horizontal flourish extending to the right.

Jennifer Brooks Hutchinson

Enclosure

cc: Docket No. 23-49-NG Service List

PUC 7-1

Request:

Please fill in the attached Excel worksheet.

- a. The worksheet settings are set to print row and column headings, please do not change this setting.
- b. Please feel free to edit or add to the worksheet if the Company feels such edits or additions would provide a clearer and/or more complete response.

Response:

Please see the Excel version of Attachment PUC 7-1.

The Company does not track restoration by the extent of the requirements, such as curb-to-curb, curb-to-centerline, trench, etc. The Company contracts for and is invoiced according to the quantity of paving material and labor required to complete the requirement, along with specific add-ons (i.e. adjusting storm drains, line striping, traffic loop repair, etc). The Company does, however, track final restoration as a separate Purchase Order by vendor. The Company includes restoration costs in project estimates, but does not break this cost out as a separate item for budget purposes. Prior to FY2016, the Company did not distinguish between Non-Discretionary and Discretionary categories, and has grouped all cost for FY2015 into the Non-Discretionary category.

Attachment PUC 7-1 shows the final restoration costs incurred by Category and Fiscal Year for FY2015 to present, including a current forecast for FY2024 and a budget estimate for FY2025. Attachment PUC 7-1 illustrates that the total cost of final restoration has been increasing year over year. The costs increases have been influenced by industry factors such as the increased cost of paving materials and contractor labor cost increases. The primary factor that has been increasing total costs, however, are the increased paving requirements (now predominantly curb-to-curb) that have been included on permits since the passage of the Rhode Island Utility Fair Share Roadway Repair Act of 2019.

Please note, during the preparation of Attachment PUC 7-1 the Company identified an error in the FY2024 forecast reported in the FY2024 Gas Infrastructure, Safety, and Reliability ("ISR") Plan quarterly report for the third quarter ("Q3"), period ending December 31, 2023. As explained in the Q3 report, the Company has identified main replacement jobs that are being completed for reactionary reasons. In some instances, the initial project scoping and workorder setup originated in a different category than the category that reflects the reason the project is being advanced in FY2024, so those projects and the associated spend and forecast are being

The Narragansett Electric Company
d/b/a Rhode Island Energy
RIPUC Docket No. 23-49-NG
In Re: Proposed FY 2025 Gas Infrastructure, Safety and Reliability Plan
Responses to the Commission's Seventh Set of Data Requests
Issued on February 2, 2024

PUC 7-1, page 2

recategorized to the appropriate ISR categories. The affected categories are: Public Works, Main Replacement (Reactive) – Maintenance (incl Water Intrusion) & Leak Prone Pipe, Main Replacement (Proactive) – Leak Prone Pipe, and Replace Pipe on Bridges. During the process of manually recategorizing forecast dollars, the data was misinterpreted and the forecast dollars that are being recategorized (subtracted) out of Main Replacement (Proactive) were subtracted twice instead of once. The result was that the Company reported a FY2024 forecast of approximately \$154 million instead of \$171 million. The Company has included the corrected forecast of \$171 million for the FY2024 forecast in Attachment PUC 7-1. The Company is also in the process of updating the FY2024 Q3 Gas ISR Report and will resubmit the FY2024 Q3 Gas ISR Report to the PUC in Docket 22-54-NG and will submit a revised response to Data Request Division 1-45 in this docket.

The Narragansett Electric Company
d/b/a Rhode Island Energy
RIPUC Docket No. 23-49-NG

In Re: Proposed FY 2025 Gas Infrastructure, Safety and Reliability Plan
Responses to the Commission’s Seventh Set of Data Requests
Issued on February 2, 2024

PUC 7-2

Request:

The values on the table below were sourced from the following documents:

- Docket 23-49-NG – Response to PUC 2-4, Attachment 1, Page 1
- Docket 23-49-NG – Book 1, Table 3, Bates 46
- Docket 4916 – Book 1, Table 3

The average Capital Spend for FY 2020-2024 of \$141 million is an increase of roughly 50% compared to the average Capital Spend for FY 2015 – 2019.

- a. Please identify all the factors that have caused this substantial increase.

1	Historical Capital Spend (Excluding SRI Expansion)					
2						
3		FY	US\$ (000)			
4		2015	\$ 77,343			
5		2016	\$ 93,869			
6		2017	\$ 87,262			
7		2018	\$ 106,410			
8		2019	\$ 103,846			
9		Average 2015-2019	\$ 93,746			
10						
11						
12		FY	US\$ (000)			
13		2020	\$ 111,552			
14		2021	\$ 123,519			
15		2022	\$ 146,464			
16		2023	\$ 167,028			
17		FCST 2024	\$ 157,235			
18		Average 2020-2024	\$ 141,160			

PUC 7-2, page 2

Response:

Several major factors have contributed to the increase in Capital Spend from FY2015 to present. Overall, Capital Spend has risen slightly faster than the general rate of inflation due to the expansion of paving requirements, the addition of the requirement for Professional Engineer (“PE”) Stamping, the Southern RI Gas Expansion project, and additional LNG site and plant work.

- **Cost of labor:** Contracts for both external and internal resources have incurred annual increases between 2.5% and 5% over the period in question. A 3% increase over 10 years results in an increase of 34% with all other factors being equal.
- **Extent of Paving:** Since the passage of the Rhode Island Utility Fair Share Roadway Repair Act in 2019, the Rhode Island Department of Transportation (“RIDOT”) has required curb-to-curb final restoration on nearly all new work, at its discretion. The Act also allowed municipalities to adopt the same requirements for newly permitted jobs, which most, if not all, have done. As a result of this Act, along with inflation associated with the cost of labor and materials, the cost of final restoration has risen 375% from approximately \$4.1 million in FY2019 to a projection of over \$15 million in FY2024.
- **Southern RI Gas Expansion Project:** This project added over \$100 million in spend from FY2020 to present.
- **Cost of Materials:** The cost of materials has doubled from FY2015 to present by approximately \$10 million.
- **LNG:** The Company’s spend on LNG projects averaged approximately \$2.0 million per year in the FY2015-FY2019 timeframe and has risen since to an average of \$6.6 million per year in the FY2020-FY2024 range as the Company has worked to bring its facilities up to modern standards. Additionally, as the Company has made investments in Portable LNG Equipment, funded via the ISR, the annual costs that were being incurred to rent Portable LNG Equipment will be eliminated from the Gas Cost Recovery (“GCR”) factor.
- **PE Stamps:** The legislative action to require PE Stamps in 2019 following the Merrimack Valley incident in Massachusetts has caused an increase of approximately \$0.75 million annually.

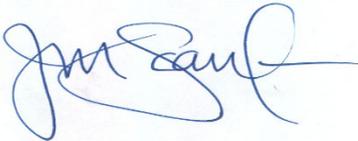
PUC 7-2, page 3

- **Mandated Programs – Transmission Station Integrity:** The Company has incurred, and will continue to incur, higher costs in the Transmission Station Integrity program. This program is a continuation of a rate base funded program that began several years ago and primarily consists of in-depth compliance records and documentation reviews of pressure regulating facilities. The primary purpose of the Transmission Station Integrity program is to meet United States Department of Transportation PHSMA code requirements, pursuant to 49 CFR § 192.624, which require operators of steel gas transmission pipeline segments to reconfirm the maximum allowable operating pressure (“MAOP”) of segments with documentation, including material property records by 2035. Where the records that substantiate the MAOP are not traceable, verifiable, and complete (“TVC”), the equipment must be re-tested, non-destructively examined, or replaced to ensure the pipelines, including those associated with transmission stations, are safe, reliable, and fit for service. The ongoing scope of this multi-year program consists of retesting, and, where necessary, replacing equipment that will not meet the PHSMA documentation requirements; the work is prioritized by a standard risk-based evaluation. The Company completed work on the Allens Avenue Station Rebuild (tracked under Reliability) and is currently working on the Scott Road Take Station project (tracked under Mandated – Transmission Station Integrity).

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was 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.



Joanne M. Scanlon

February 20, 2024

Date

Docket No. 23-49-NG- RI Energy's Gas Infrastructure, Safety and Reliability (ISR) Plan 2025 - Service List 1/23/2024

Name/Address	E-mail Distribution	Phone
The Narragansett Electric Company d/b/a Rhode Island Energy Jennifer Hutchinson, Esq. 280 Melrose Street Providence, RI 02907 Steve Boyajian, Esq. Robinson & Cole LLP One Financial Plaza, 14th Floor Providence, RI 02903	JHutchinson@pplweb.com ;	401-784-7288
	COBrien@pplweb.com ;	
	JScanlon@pplweb.com ;	
	JMOBrien@rienergy.com ;	
	PLaFond@rienergy.com ;	
	NKocon@rienergy.com ;	401-709-3359
	SBriggs@pplweb.com ;	
	JOliveira@pplweb.com ;	
	SBoyajian@rc.com ;	
HSeddon@rc.com ;		
Division of Public Utilities & Carriers Leo Wold, Esq.	Leo.Wold@dpuc.ri.gov ;	401-780-2130
	Margaret.I.hogan@dpuc.ri.gov ;	
	Christy.Hetherington@dpuc.ri.gov ;	
	Al.mancini@dpuc.ri.gov ;	
	John.bell@dpuc.ri.gov ;	
	Robert.Bailey@dpuc.ri.gov ;	
	Paul.roberty@dpuc.ri.gov ;	
	ellen.golde@dpuc.ri.gov ;	
David Effron Berkshire Consulting 12 Pond Path North Hampton, NH 03862-2243	Djeffron@aol.com ;	603-964-6526
Office of Energy Resources Al Vitali, Esq.	Albert.vitali@doa.ri.gov ;	
	nancy.russolino@doa.ri.gov ;	
	Christopher.Kearns@energy.ri.gov ;	

	Shauna.Beland@energy.ri.gov ;	
	William.Owen@energy.ri.gov ;	
Office of Attorney General Nick Vaz, Esq. 150 South Main St. Providence, RI 02903	nvaz@riag.ri.gov ;	401-274-4400 x 2297
	mbedell@riag.ri.gov ;	
Conservation Law Foundation (CLF) James Crowley, Esq. Conservation Law Foundation 235 Promenade Street Suite 560, Mailbox 28 Providence, RI 02908	jcrowley@clf.org ;	401-228-1905
	mjw@groundworkdata.org ;	
File an original and five copies 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 ;	
	Todd.bianco@puc.ri.gov ;	
	Alan.nault@puc.ri.gov ;	
	Christopher.Caramello@puc.ri.gov ;	
	Kristen.L.Masse@puc.ri.gov ;	