

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

IN RE: THE NARRAGANSETT ELECTRIC COMPANY :
d/b/a RHODE ISLAND ENERGY'S ELECTRIC :
INFRASTRUCTURE, SAFETY, AND RELIABILITY : DOCKET NO. 23-48-EL
PLAN FY 2025 PROPOSAL :

**OPEN MEETING DECISIONS
MARCH 26, 2024**

1. Approved a capital spending budget framework that:
 - (1) tracks major projects equal to or greater than \$5 million in overall spending, separately with a project-based budget cap which is based on the construction phase estimate and allows a 2.5% project-based budget buffer;
 - (2) tracks study costs separately;
 - (3) sets a consolidated budget for the remaining spending categories of Customer Requests/Public requirements; Damage/Failure; Asset Condition; Non-Infrastructure; and System Capacity & Performance where the consolidated budget, exclusive of approved study costs; represents a soft budget cap with a 2.5% buffer; and
 - (4) applies a one-time budget overspend penalty as follows:
 - (a) if the Company's spending exceeds the consolidated budget cap by more than 2.5%, the entire amount of overspend that exceeds the original soft budget cap will be treated as if that amount was being put into service in the fiscal year. A revenue requirement will be calculated on the entire overspend above the soft budget cap, ignoring the half-year convention. The Company's revenue requirement will be reduced in that Fiscal Year's reconciliation filing by an amount equal to the calculated revenue requirement associated with the overspend.
 - (b) if total spending on a major project exceeds the project's budget by more than 2.5%, the entire amount of overspend that exceeds the original soft budget cap will be treated as if that amount was being put into service in the fiscal year. A revenue requirement will be calculated on the entire overspend, ignoring the half-year convention. The Company's revenue requirement will be reduced in that Fiscal Year's reconciliation filing by an amount equal to the calculated revenue requirement associated with the overspend.
2. Approved a budget framework that set an Operations & Maintenance budget framework that sets a Vegetation Management budget, a VVO/CVR O&M budget, and an Inspection and maintenance budget, each with 10% over-spend buffers. If total spending exceeds the applicable budget by more than 10%, the entire overspend that exceeds the soft budget cap will be disallowed.
3. Reduced the capital budget by \$1,389,000 to maintain the FY 2024 funding level on CEMI-4 of \$1,230,000.

4. Denied the creation of a new Engineering Reliability Review program category and reduce the capital budget by \$2,000,000, finding that the work can be completed within the Company's blanket category budget.
5. Denied the creation of a new Distribution Automation Recloser Program and reduce the capital budget by \$5,957,000, finding that reclosers needed for specific safety and reliability needs can be executed in the normal course of business.
6. Approved the proposed FY 2025 budget on spare transformers and the one mobile substation subject to further review of appropriate cost recovery consistent with the Division's recommendation.
7. Directed RI Energy to update the listing of major projects with an updated FY 2025 forecast and estimated construction start including the construction phase estimate for the East Providence Sub (D Sub) project that is commencing construction in April 2024.
8. Approved a total capital spending budget of \$131,596,000.
9. Approved a soft budget cap of \$118,620,000.
10. Approved a Vegetation Management budget of \$13,075,000.
11. Approved a VVO/CVR budget of \$365,000.
12. Approved an Inspection & Maintenance budget of \$700,000.
13. Rhode Island Energy shall file a revised Attachment 3 to reflect the Commission's decisions here today. The Company shall add a section for the O&M expense at the bottom to show the total projected spend between O&M and Capital. This Attachment shall be updated and provided with each quarterly report.
14. Rhode Island Energy shall provide, within 45 days of the Open Meeting decision, a list of each of the electromechanical relays forecasted to be replaced in FY 2025 and indicate whether each is being replaced because it is obsolete (not working or can't find spare parts) or if it is being retired early (although it is still working). In its FY 2026 ISR filing, the Company shall include the same information if it intends to continue seeking approval of the program.
15. Rhode Island Energy shall include in its FY 2025 Electric ISR Reconciliation Filing and future ISR Plan and Reconciliation filings the CEMI-4 reporting requirements included in the FY 2024 ISR Order.
16. The Company shall provide, as part of its FY 2025 filing, details on individual projects where the costs differ from budget by more than 10%, whether that difference resulted from over- or under-spending or timing. Further, in all Electric ISR quarterly reports and

- reconciliation filings, the Company shall provide a report and explain any budgets variance greater than 10%.
17. Contemporaneously with its FY 2026 Electric ISR Plan, Rhode Island Energy shall file a benefit cost analysis consistent with the Guidance Document issued Docket No. 4600A for all new program proposals and for the VVO program. The BCA for the VVO program shall be specific to the circuits chosen.
 18. The Company shall not reflect in any filings, any changes to its capitalization policies that will impact rate base, operating expense, and/or the Company's earnings reports prior to the filing of its next base rate case.
 19. The Company shall include in its review of the allocation of customer contributions to the proper cost categories all distributed generation projects for which the customer contribution did not cover the full cost of the project; the reasons why; and the impact on rate base and the associated revenue requirement. The report shall be filed no later than August 1, 2024, with the Reconciliation of the Electric ISR filing with all necessary adjustments to any ISR revenue requirement/reconciliation explained and highlighted.