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Rhode Island Energy™
a PPL company

June 12, 2024

VIA ELECTRONIC MAIL

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

RE: Docket No. 3628 – Proposed Revisions to the Service Quality Plan
Reply Testimony and Response to the Attorney General's Statement of Position

Dear Ms. Massaro:

On behalf of Rhode Island Energy,[1] I have enclosed the following documents for filing in the referenced docket:

1. Reply Testimony of Dr. Carrie Gill; and

2. Response of The Narragansett Electric Company d/b/a Rhode Island Energy to Statement of Position of Attorney General Peter F. Neronha.

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

Very truly yours,

Jennifer Brooks Hutchinson

Enclosure

cc: Docket No. 3628 Service List

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

REPLY TESTIMONY

OF

CARRIE GILL

June 12, 2024

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I. Introduction

Carrie Gill

Q. Dr. Gill, please state your name and business address.

A. My name is Carrie Gill. My business address is 280 Melrose Street, Providence, Rhode Island 02907.

Q. Have you previously submitted testimony in this proceeding?

A. Yes. On December 27, 2023, I was part of a panel that filed joint pre-filed direct testimony on behalf of The Narragansett Electric Company d/b/a Rhode Island Energy ("Rhode Island Energy" or the "Company") in support of the Company's proposed updated *Service Quality Plan*.

II. Purpose and Organization

Q. Did you review the memorandum submitted by the Rhode Island Division of Public Utilities and Carriers ("Division") that was authored by Dr. William F. Watson?

A. Yes.

Q. Did you review the Statement of Position submitted by the Rhode Island Attorney General ("Attorney General")?

A. Yes.

Q. What is the purpose of your reply testimony?

A. The purpose of this reply testimony is to reply to the recommendations offered by Dr. Watson and the Attorney General, including offering clarifications on the Company's proposal where appropriate.

Q. How is your testimony organized?

A. Sections I and II are the Introduction and Purpose and Organization, respectively. In Section III, the Company responds to recommendations by Dr. Watson on behalf of the Division related to the Company's proposed (1) meter reading and billing service quality adjustment and (2) faster outage notification service quality adjustment. Dr. Watson does not provide any recommendations for service quality adjustments related to trouble non-outage, network speed, or customer satisfaction. In Section IV, the Company responds to recommendations made by the Attorney General relating to the Company's proposed (1) network speed service quality adjustment and (2) customer satisfaction service quality adjustment, and (3) clarifies the mechanics of an offset.[1] The Conclusion is in Section V.

[1] Please refer to the Company's legal memo dated June 12, 2024, for additional response to legal claims made by the Attorney General.

III. Response to Recommendations of Dr. Watson on Behalf of the Division

1. Meter Reading and Billing Service Quality Adjustment

Q. What does Dr. Watson recommend regarding the Company's proposed meter reading and billing service quality adjustment?

A. Dr. Watson directly recommends (1) "the Company's proposed target should be reassessed at the end of the period of AMF meter deployment using the data relevant to meter read percentage for the deployed AMF meters" and implies a recommendation that (2) months with Major Event Day(s) ("MEDs") not be excluded from the calculation of the meter reading and billing service quality adjustment, as proposed by the Company.

Q. How does the Company respond to Dr. Watson's recommendation that the Company's proposed meter reading and billing target should be reassessed at the end of the AMF meter deployment?

A. The Company is not opposed to re-evaluating the meter reading and billing target at the end of the AMF meter deployment.

Q. How does the Company respond to Dr. Watson's recommendation that months with Major Event Days ("MEDs") be included in the calculation of the service quality adjustment?

A. The Company does not agree with the rationale provided by Dr. Watson, so seeks to clarify a potential misunderstanding of the Company's staffing and resources used for

meter reading, billing, and power restoration with the objective of elucidating the Company's rationale for excluding months with MEDs.

Although it is correct that, after AMF meters have been installed, the Company will require fewer staff resourced for meter reading and billing (the eight FTEs assumed to be reduced as a result of deploying AMF in the Company's benefit-cost assessment in Docket No. 22-49-EL will be reduced), it does not follow that either (a) there will be no employee resources used for meter reading and billing, or (b) that none of the employees responsible for meter reading and billing will be utilized to prioritize power restoration in connection with a MED. There will be employees who are responsible for monitoring the meter reads that come from the AMF meters and for ensuring that the communication systems between the AMF meters and the Company's back-end systems are running properly. When there is an MED, it is possible and potentially likely that these employees will be given power restoration responsibilities that they are obligated to prioritize – thus taking them away from their focus on the aspects of their job that pertain to meter reading and billing. Accordingly, during months with MEDs, there may very well be a meaningful impact on the number of meters read and billed as a result of the AMF-related employees responsible for those tasks being taken away for power restoration purposes.

Therefore, the Company reiterates that it is appropriate to exclude months with MEDs and opposes the recommendation to include months with MEDs in the calculation of the metering reading and billing service quality adjustment.

2. Faster Outage Notification Service Quality Adjustment

Q. What does Dr. Watson recommend regarding the Company's proposed meter reading and billing service quality adjustment?

A. Dr. Watson recommends (1) "eliminate the deadband and assess penalties for failure to achieve any level less than 22-minutes faster outage notification" and (2) "raise the level of the penalty for failure to achieve the 22-minute faster notification, potentially up to the maximum $1,000,000 amount proposed in the Commission's Decision."

Q. How does the Company respond to Dr. Watson's recommendation to eliminate the deadband and assess penalties for failure to achieve any level less than 22-minutes faster outage notification?

A. The Company is opposed to this recommendation. First, the Company's proposal complies with the Commission's order, which explicitly authorized the Company to consider the use of dead-bands in designing the service quality mechanisms, including faster outage notification.[2] Second, the example provided by Dr. Watson in his

[2] *See* Open Meeting Motions and Votes, para. 14 (allowing inclusion of deadbands).

justification for this recommendation demonstrates a potential misunderstanding of the Company's proposal. On page 3, Dr. Watson provides an example suggesting that the Company would be recalculating a threshold of the proposed deadband in the faster outage notification service quality mechanism. The Company clarifies that it is not proposing to recalculate any threshold ad hoc; any new proposals for targets or thresholds would be filed as further amendments to the Service Quality Plan. Further, the Company's proposed calculation of the lower threshold of the deadband – 20 percent of customers do not report an outage – is based on actual data from the Company's Pennsylvania affiliate; Dr. Watson does not provide such data for the figure he uses in his example. Therefore, the concern evidenced through this example (and the specific example that the Company may be subject to a deadband lower threshold of 11 minutes for faster outage notification) is moot.

Q. How does the Company respond to Dr. Watson's recommendation to raise the level of the penalty for failure to achieve the 22-minute faster notification, potentially up to the maximum $1,000,000?

A. The Company is opposed to increasing the maximum penalty for the faster outage notification service quality adjustment. The Company maintains that the penalties in its proposal align with the historical correlation of maximum total penalties equal to approximately one percent (1%) of revenue (proposed to be benchmarked using the revenue decoupling mechanism ("RDM")). Increasing the faster outage notification

penalty (or any other penalty) would raise the total potential penalties above that amount. In light of that, however, the Company appreciates and supports the Division's agreement that the one percent (1%) threshold is appropriate. The Company agrees with the Division and Dr. Watson that, regardless of what the Commission determines is the appropriate maximum penalty for any individual service quality metric, in no event should the Company be subject to total penalties greater than one percent (1%) of RDM revenue – $2,984,000.

Dr. Watson also supports his recommendation to increase the maximum potential penalty for the faster outage notification service quality metric with a statement about the Company's ability to potentially offset any faster outage notification service quality penalty through an offset obtained by achieving below target in the system average interruption duration index ("SAIDI") service quality adjustment. This rationale is erroneous. The Company reiterates that faster outage notification will not affect the SAIDI metric (*see* Joint Pre-Filed Rebuttal Testimony of Philip J. Walnock and Wanda E. Reder at 43:8-44:11, Docket No. 22-49-EL). Given this clarification and the rationale, the Company does not think a higher penalty appropriate for the faster outage notification service quality metric.

IV. Response to the Attorney General

1. Network Speed Service Quality Adjustment

Q. What does the Attorney General recommend regarding the Company's proposed network speed service quality adjustment?

A. On page 6 of his Statement of Position, the Attorney General contends that there should be further consideration of a continuous network speed assessment, rather than a one-time assessment. The Attorney General argues that a continuous assessment is necessary "to ensure that services do not degrade over time and the customers continue to realize the benefits they were promised throughout the life of the AMF."

Q. How does the Company respond to the Attorney General's recommendation to continually assess network speed?

A. The Company does not agree with the Attorney General's recommendation to continually assess network speed. The Attorney General does not provide any evidence that counters the Company's explanation of why network speed is unlikely to degrade. Furthermore, the Attorney General's recommendation ignores the incremental administrative burden of reassessment, which is likely to be greater than the expected value of continued measurement. Therefore, the Company maintains that a one-time assessment is appropriate. Notably, the Division's Consultant also agreed with the Company's proposed methodology for the network speed service quality adjustment.

2. Customer Satisfaction Service Quality Adjustment

Q. What does the Attorney General recommend regarding the Company's proposed customer satisfaction service quality adjustment?

A. The Attorney General recommends further vetting of the proposed customer satisfaction service quality mechanism because of concerns regarding survey methods.

Q. How does the Company respond to the Attorney General's recommendation?

A. Although the Company is not opposed to further vetting, the Attorney General's concerns over the proposed survey methods are not adequately grounded in the theory of research methods, so these concerns alone should not prompt further vetting.

First, the Attorney General incorrectly suggests that the Company proposes to use survey methods because customer service benefits are difficult to measure. The Company's rationale for using survey methods is to maintain consistency with the method for assessing customer satisfaction in the existing Service Quality Plan and to gain consistency with the Company's own internal methods of assessing customer satisfaction. The degree of difficulty in measuring customer service benefits was irrelevant to the Company's decision to propose survey methods. Furthermore, surveys and methods of analyzing survey results are commonly used across disciplines; survey methods are rigorous, and their validity should not be discounted.

Second, on page 6 of the Attorney General's Statement of Position, he suggests that the Company's survey questions could result in an "unintended overlap with other categories of benefits" and failure to carefully review the survey process could result in "skewed information." He cites the reliability category as one example where a hypothetical customer might have high satisfaction but still have low overall satisfaction as a result of billing issues. The overlap between the proposed addition of a question regarding reliability and the category of reliability benefit is intentional; reliability is the primary driver of customer satisfaction, so it is appropriate to use reliability as a means to understand customer satisfaction. In addition, the Company proposes to continue to ask customers for their overall satisfaction: "Overall, on a scale from 1 to 10, where 1 means "dissatisfied" and 10 means "satisfied", how satisfied are you with the services provided by Rhode Island Energy?" The Company contends its survey methods and method of determining the target and thresholds using actual data are sufficient to guard against a structural bias in performance relative to target. Nonetheless, the Company reiterates that its intent is for a careful and comprehensive review of its proposed customer satisfaction service quality adjustment, both through the instant docket (i.e., the proposed methodology) and a future compliance filing (i.e., the target and thresholds).

3. Mechanics of an Offset

Q. What clarification would the Company like to provide related to the mechanics of an offset?

A. On page 5, the Attorney General states, "potential offsets should be met with skepticism given that the Company already stands to earn a great deal as a result of AMF implementation…." and "additional or increased shared savings/offsets should not be approved where customers stand to lose benefits that would otherwise have been enjoyed as a result of the approval of AMF." These statements misconstrue, or otherwise conflate, an offset with a financial reward or incentive, which would be funded and recovered from customers. Unlike a financial reward or incentive, which the Company earns for exceeding a certain level of performance, an offset reduces or "offsets" a penalty, and as such, is not earnings.

Q. Does the Company agree with the implication that an offset would be inappropriate to propose or should be considered in tandem with potential earnings?

A. No. Neither the existing Service Quality Plan nor the Commission's Open Meeting decision authorizes the Company to earn any financial incentives for exceeding certain thresholds of performance related to AMF. Furthermore, the use of penalties and offsets are common structural elements of a service quality plan that are designed to incentivize a utility to achieve a reasonable level of performance, and balance risk with reward.

Absent earned financial incentives, the Company's ability to earn a return on AMF should be irrelevant to the review of the proposed Service Quality Plan.

V. Conclusion

Q. What does the Company conclude?

A. The Company concludes that its proposed service quality plan complies with the Commission's order (as agreed by Dr. Watson on page 1: "Overall, the Company provided methodologies that comply with the specifications…"), the concerns raised by the Division and the Attorney General are predominantly moot, and there is not sufficient reason to make any modifications to the Company's proposal.

Q. Does this conclude your testimony?

A. Yes, it does. Thank you.

STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION

IN RE: SERVICE QUALITY PLAN THE NARRAGANSETT ELECTRIC COMPANY D/B/A RHODE ISLAND ENERGY'S PROPOSED REVISIONS TO THE SERVICE QUALITY PLAN	)	Docket No. 3628

THE NARRAGANSETT ELECTRIC COMPANY D/B/A
RHODE ISLAND ENERGY'S RESPONSE TO THE ATTORNEY GENERAL'S
STATEMENT OF POSITION

The Narragansett Electric Company d/b/a Rhode Island Energy (the "Company") submits this legal memorandum in response to The Attorney General's Statement of Position (the "AG Position Statement").[1]

I. INTRODUCTION

The purpose of this memorandum is to address certain legal issues raised by the AG Position Statement that the Company has determined are best raised through legal argument rather than through testimony. Overall, there are three overarching issues to which the Company responds:

1. The Attorney General's failure to present substantive support for the positions it asserts;
2. The Attorney General's incorrect assertions regarding the role of the Service Quality Plan; and

[1] There are certain portions of this memo that also address certain assertions made in the Memorandum of the Rhode Island Division of Public Utilities and Carriers (the "Division") provided by William F. Watson of Econalytics, LLC (the "Division Memorandum"), and the Company has identified those portions and the aspects of the Division Memorandum to which they respond as they arise.

3. The Attorney General's arguments arising from its observation that the Company did not file the proposed changes to the Service Quality Plan as a settlement with the Rhode Island Division of Public Utilities and Carriers (the "Division").

Analysis of each of these issues reflects a lack of support and substance to the positions asserted by the Attorney General and demonstrates that the Rhode Island Public Utilities Commission (the "Commission") should ignore the Attorney General's suggestions.

II. THE ATTORNEY GENERAL FAILS TO SUBSTANTIVELY SUPPORT HIS POSITIONS

There are two fundamental substantive shortcomings in the AG Position Statement: (a) there is no witness to support the Attorney General's positions, and (b) much of the AG Position statement consists of general admonitions that the proposed changes should be "carefully vetted" to ensure that certain allegedly concerning outcomes don't arise, but ignores that he has not performed that vetting himself and does not present any facts or analysis that demonstrates the basis for the alleged concerns and need for vetting.

A. The Attorney General's Failure to Present Witnesses

Consistent with the his participation in other dockets since the Acquisition,[2] the Attorney General has not presented a witness either to support his statements in the memorandum or to present testimony in support of the Attorney General's position.[3] Although the Commission's

[2] Pursuant to a Share Purchase Agreement dated March 17, 2021, by and among PPL Energy Holdings, LLC, PPL Corporation ("PPL") (solely with respect to Section 4.10 and Section 6.14), and National Grid USA (the "Agreement"), National Grid USA sold 100 percent of the outstanding shares of common stock in The Narragansett Electric Company ("Narragansett") to PPL Rhode Island Holdings, LLC ("PPL RI"), a wholly owned indirect subsidiary of PPL (the "Acquisition"). Following execution of the Agreement, PPL Energy Holdings, LLC assigned its right to purchase Narragansett to its wholly owned subsidiary, PPL RI, such that upon closing, PPL RI would own 100 percent of the outstanding shares of common stock in Narragansett.

[3] In Docket No. D-21-09, the Attorney General presented two witnesses. Since that time, the Attorney General has not put forth any witnesses.

rules of practice and procedure authorize parties to submit a position memorandum in lieu of written testimony that "shall summarize the basis for the opposition and also as to each aspect of the applicant's case which is opposed shall state to the extent possible the monetary difference between the applicant's position and that of the opponent," 810-RICR-00-00-1.21(j), the AG Position Statement is more in the nature of public comment than it is a position memorandum. It asserts certain positions, such as the contention that the Commission should consider "higher penalties" on the proposed service quality metrics, *see* AG Position Statement at 4-5, but it fails to assert what those "higher penalties" might be or the reason why any higher penalty would be appropriate. The Attorney General has proffered no facts on which to justify higher penalties. The Commission's directive regarding the maximum penalty for each service quality mechanism was that it be "generally consistent with existing potential penalties in Docket 3628 (i.e. between $200,000-$1,000,000), or show why a higher maximum penalty was determined." On pages 4-5, the Attorney General states merely that "appropriate penalties should be set for each individual category based on the potential benefits customers could lose" but offers no evidence as to what an appropriate structure should be.[4] In contrast, the Company's proposal included a detailed explanation of the historical framework upon which to establish the proposed penalties.

The Attorney General's failure to present a witness to support its positions deprives the Company of the opportunity to cross examine a party that is presenting an opposing position.[5] The Commission and the other parties are deprived of the ability to inquire further about the basis for the Attorney General's positions. Accordingly, the weight afforded to the Attorney

[4] This framing also misconstrues the purpose of a service quality plan, which the Company discusses in part III of this memorandum.

[5] By contrast, the Division Memorandum is supported by a witness, Dr. Watson, consistent with the Division's practice of presenting a Division employee or a consultant when it presents a position memorandum in lieu of testimony who then adopts the Division's positions under oath at the hearing and is subject to cross examination.

General's positions should be the same as the weight afforded to public comment; it is not evidence, and the Commission cannot rely on the AG Position Statement to support its decision. Rather, it is "just that – comment." *In re Pawtucket Water Supply Bd.*, Docket No. 3452, Report and Order, 2003 WL 23338675 (R.I.P.U.C. July 21, 2003). The Commission is not required to give it any weight.

B. The Attorney General's Failure to Take Substantive Positions

The AG Position Statement is rife with statements like: "further analysis and vetting is still required to ensure that the best methods of measurements are ultimately attained." AG Position Statement at 5.[6] Statements like these do not contribute to reaching the correct resolution of the issues in the docket. Rather, they drive the use of time and resources without advancing issues. It is the role of parties to the docket to conduct the analysis and vetting of the proposals at issue. In this docket, the Company filed its proposal and submitted testimony in support of it. The Commission set a procedural schedule pursuant to which: (a) the Company and the other parties participated in a technical session to further develop the parties' and the Commission's understanding of the Company's proposal and the reasons behind it, and (b) the Commission established deadlines for the parties' to present their positions based on the analysis and vetting that they had completed through rebuttal testimony or position memoranda. Thus, the time for the Attorney General to complete its analysis and vetting has occurred. The Attorney General, like the other parties to the docket, has had the opportunity to seek discovery from the Company, conduct its analysis of the Company's proposals, and present its position based on that

[6] There are several other similar directional statements about what the Attorney General says should happen in this proceeding. *See*, *e.g.*, AG Position Statement at 4 ("Careful vetting of the proposed penalties is essential, and appropriate penalties should be set for each individual category"); AG Position Statement at 5 ("higher penalties designed to align with the Company's promises should be considered"); AG Position Statement at 6 ("The Company's survey process must be carefully reviewed in its entirety, and the questions should be studied"); AG Position Statement at 6 ("There should also be further consideration of a continuous network speed assessment"); AG Position Statement at 6 ("metrics should also be viewed for potential inadvertent inequities").

analysis that would include any alternative position the Attorney General thinks appropriate and the reasons for it.

The Attorney General has not issued any data requests in this docket, though he asserts that discovery is ongoing and necessary to complete the further vetting he thinks is necessary. *See* AG Position Statement at 7. The absence of substance of the AG Position Statement is encapsulated in its conclusion paragraph:

> This docket remains ongoing, with continuing discovery and the expectation that the parties and intervenors will still be providing rounds of testimony fleshing out concerns with the Company's proposal, as well as potential solutions. As such, many issues must still be vetted more fully as additional information becomes available. It is essential that all parties consider potential alternatives and work to find the best solution to ensure that Rhode Islanders get the AMF system they have been promised and the benefits they deserve in both the short and long term.

AG Position Statement at 7. This statement demonstrates that the Attorney General's position is really not a position at all. Rather, it is a recitation of what the current proceedings in this docket are intended to accomplish. The entire purpose of this docket is to vet the issues and flesh out concerns, as well as to consider any potential alternatives to find the best solution. That is exactly what the proceedings to date in this docket have been aimed at accomplishing. The AG Position Statement, however, does not contribute to the vetting nor does it provide any proposed alternative positions or support for opposition to any of the Company's proposal. Accordingly, the Commission should ignore it, or, at most, treat it as public comment.

III. THE ATTORNEY GENERAL'S INCORRECT ASSERTIONS REGARDING THE ROLE OF THE SERVICE QUALITY PLAN

The AG Position Statement reflects two fundamental misunderstandings regarding the appropriate role of the Service Quality Plan. First, the Attorney General incorrectly asserts that "focus in this docket should be on ensuring that the benefit/cost ratio promised in Docket 22-49-

EL is realized[.]" Second, the Attorney General argues that the Service Quality Plan should be a tool used to implement the private Settlement Agreement, dated May 19, 2022, by and between PPL Corporation, PPL Rhode Island Holdings, LLC, and the Attorney General (the "AG Settlement Agreement"). Both of these statements not only misconstrue the purpose of the Service Quality Plan, generally, but they also misunderstand the Commission's order in Docket No. 22-49-EL approving the implementation of advanced metering functionality ("AMF") and directing the proposal of new service quality mechanisms related to AMF functionalities.

A. The Company's Proposal is Consistent with the Purpose of the Service Quality Plan

The purpose of a Service Quality Plan is to establish metrics for the Company achieve to assure that the quality of its service to customers does not fall below unacceptable thresholds. As the Brattle Group explained in its Review and Analysis of Service Quality Plan Structure, which was submitted by the National Grid companies on March 18, 2013, to the Massachusetts Department of Public Utilities in Docket No. D.P.U. 12-120, Investigation by the Department of Public Utilities on its own motion regarding the service quality guidelines established in Service Quality Standards for Electric Distribution Companies and Local Gas Distribution Companies, D.T.E. 99-84 (2001) and amended in Service Quality Standards for Electric Distribution Companies and Local Gas Distribution Companies, D.T.E. 04-116 (2007) ("Brattle Report"):

> Service Quality (SQ) plans are a form of incentive regulation which typically have targets and ranges for one or more service quality metrics (such as system reliability, as measured by SAIDI and/or SAIFI) and a threshold level of performance below which the company is penalized for inferior performance and, in some cases, a threshold level of performance above which the company is rewarded for superior performance. The prevailing penalties and rewards (e.g., the maximum penalty for each service quality metric) typically are codified through a formula.
>
> * * *

> SQ plans also attempt to motivate utility managers to achieve operating efficiencies and enhance customer welfare. That is, SQ plans are designed to ensure that the utility invests in and operates with specific aspects of the customer experience firmly in mind.

Brattle Report at 2. This framing is consistent with the Company's overall approach explained in the Joint Pre-Filed Direct Testimony of Carrie Gill and Philip J. Walnock, in which they explained their reliance on the historical underpinnings of the Service Quality Plan in developing the proposals in this filing. *See* Joint Pre-Filed Direct Testimony of Carrie Gill and Philip J. Walnock at 6.

Within this framework, the Commission directed the Company to develop and propose revised and new service quality metrics that related to specific aspects of the customer experience related to the implementation of AMF. The Commission did not, as the Attorney General contends should be the case, direct that the proposed service quality metrics ensure that the benefit-cost ratio set forth in the Company's AMF proposal in Docket No. 22-49-EL is realized.[7] The requirement imposed on the Company to develop these new service quality metrics was one of several conditions imposed by the Commission for the implementation of AMF aimed at holding the Company accountable for delivering AMF to customers. For example, the Commission also imposed a cost cap on the Company that requires the Company to limit the costs for which it seeks recovery through rates for the implementation of AMF regardless of how much the Company spends to deliver the promised functionalities of AMF.

[7] The Attorney General incorrectly contends that the Company ***promised*** a certain amount of benefits to achieve a specific benefit-cost ratio from the implementation of AMF. That is an incorrect characterization. The benefit amounts reflected in the Company's benefit-cost analysis are estimates of the value of benefits that likely will result from the proposed investment in the program as a result of the functionalities and opportunities the investment will create for purposes of assessing whether the AMF investment is likely to be cost effective – *i.e.*, whether the benefits were likely to exceed the costs. Stated differently, the Company did not ***promise*** a certain quantity of benefits; it promised to implement a system that delivers certain functionalities that will enable the achievement of benefits described by the Company.

See Open Meeting Motions and Votes, Docket No. 22-49-EL, at ¶ 11. The Commission also set timeframes by which the Company must demonstrate the achievement of certain AMF-related functionalities, and submit plans for the achievement of other functionalities. *Id*. at ¶¶ 12-13. These requirements combined with the directive to create the new service quality metrics are the "Accountability Requirements" of the approval of AMF.

The Attorney General incorrectly conflates the proposed penalty structure for service quality adjustments with a mechanism to ensure achievement of the benefit-cost ratio reflected in the analysis the Company conducted to demonstrate the merits of AMF in Docket No. 22-49-EL. And, the Attorney General's criticism of the Company's plan because it "does not separately establish penalties in light of the AMF Business Case, but instead views all service quality metrics in sum – working within the cap on total penalties established in the Company's Service Quality Plan long before AMF approval" is misplaced. AG Position Statement at 2-3. In its ruling, however, the Commission did not establish a distinct performance plan for AMF in isolation, but instead it leveraged the service quality plan as one of several accountability requirements, which included, among other things, a cost cap to protect customers. None of these protections required the Company to achieve or maintain a specific benefit/cost ratio in connection with AMF.

The Company's proposed service quality metrics, therefore, properly complied with the directive of the Commission and conformed to the appropriate role of the Service Quality Plan. The proposed metrics set targets and ranges for service quality metrics and a threshold level of performance below which the company is penalized for inferior performance and a threshold level of performance above which the company is rewarded for superior performance addressed to specific aspects of the customer experience impacted by AMF. That is precisely the role that it

is appropriate for the Service Quality Plan to play as part of the overall accountability regime for AMF implementation, as established by the Commission's approval of AMF. Simply put, the service quality metric of the Commission's accountability requirements reflects the value in considering accountability holistically and in the historic foundation developed to drive accountability through this mechanism in combination with the other accountability mechanisms like the cost cap, and it would be inappropriate to upend the underlying purpose of the Service Quality Plan in the creation of these AMF-related metrics.[8]

[8] This same rationale also undermines the Division's assertion that there should be a higher penalty maximum for the faster outage notification service quality metric because "faster outage notifications is a foundational basis for deploying AMF meters[.]" Division Memorandum at 3. As an initial matter, it is a mischaracterization to say that faster outage notification was a foundational basis for the deployment of AMF. Rather, faster outage notification is one of many benefits that the Company identified would likely result from deployment of AMF, along with many other benefits related to operation of the electric distribution system and enhanced information on electric usage available to customers – among many others. The Division's position is an overstatement. Second, although the Company is confident that customers will realize benefits of faster outage notification and that the results will be similar to those experienced in Pennsylvania where the utility received notice on average 22 minutes faster after AMF deployment, the Company does not have the ability to control customer behavior or the time it takes for a customer to report an outage. Thus, although the Company understands that it is appropriate to measure whether customers are receiving this benefit and it recognizes that the Commission expects it to accept some risk that faster outage notification may not be as substantial as estimated based on the Pennsylvania data, it is inappropriate to characterize faster outage notification as a foundational reason for AMF or to hold the Company accountable to the exact estimated benefit for purposes of the BCA in Docket No. 22-49-EL.

B. The Attorney General Improperly Suggests that the Service Quality Plan Should be a Tool to Enforce the AG Settlement Agreement

In addition to improperly suggesting that the Service Quality Plan should be used to guarantee achievement of certain levels of benefits, the Attorney General also improperly contends that the Service Quality Plan should be a tool used to "ensure that the people of Rhode Island receive the protections secured on their behalf at the time of the PPL transaction[.]" AG Position Statement at 4. In other words, the Attorney General is contending that the Commission should enforce the AG Settlement Agreement through the proceedings in this docket. That contention is flawed for several reasons.

First, there is nothing to enforce. The Company is in full compliance with its obligations under the AG Settlement Agreement. Particularly with respect to benefits from AMF, the Company's only obligation was to submit a proposal that reflected at least the same benefit-cost ratio as the proposal the Company filed while still under National Grid USA ownership. Not only has the Company performed that task, but the Commission has approved the Company's AMF proposal and implementation has begun.

Second, enforcement of the AG Settlement Agreement is outside the jurisdiction of the Commission. It is a private agreement between two parties that is not governed by the regulatory agency. The current proceedings in this docket are to determine whether to adopt the service quality metrics that the Company proposed in compliance with the condition imposed by the Commission when it approved AMF. The Commission did not impose any requirements on the Company related to the AG Settlement Agreement and its provisions – nor could it have. Therefore, there is no basis or reason to expand the scope of this proceeding in the manner suggested by the Attorney General.

IV. THE COMMISSION DID NOT REQUIRE THE COMPANY TO REACH A SETTLEMENT WITH THE DIVISION ON THE PROPOSED SERVICE QUALITY METRICS

The Attorney General ascribes importance to the fact that "the Company was unable to reach agreement with the Division prior to proposing its changes, despite efforts to do so." This statement – specifically the use of the word "unable"– mischaracterizes the Company's testimony and incorrectly implies that a settlement was the goal of the Company's engagement with the Division and a directive of the Commission's order. The Company's testimony states "No, the Company is not filing its proposal as an agreement or settlement with the Division." The Company's testimony does not illuminate the discussions between the Company and the Division about whether to strive for a settlement. Indeed, the Company and Division discussed whether to strive for a settlement at their first meeting on November 9, 2023, and concluded that a settlement was not a requirement of the Commission's approval and decided to not pursue a settlement. The Commission "direct[ed] Rhode Island Energy to ***engage*** with the DPUC to ***negotiate*** the details and implementation of the following service quality mechanisms and file an updated Service Quality Plan for Commission review and approval" (emphasis added). The Commission did not order the Company and Division to come to consensus or to file a settlement; the Commission's direction was limited to engagement and negotiation, which the Company and Division did thoroughly. Therefore, the RIAG's critique is moot, and the Commission should disregard it.

V. CONCLUSION

For the reasons set forth in this memorandum, the Commission should ignore the Attorney General's suggestions and recommendations in the AG Position Statement, or, at most, treat the AG Position Statement only as public comment.

Respectfully submitted,

The Narragansett Electric Company
d/b/a Rhode Island Energy

By its attorneys,

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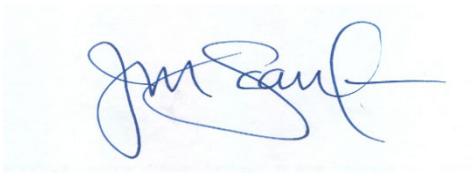

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June 12, 2024
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Rhode Island Energy – Electric Service Quality Plan – Docket 3628 Service List Updated 5/1/2024

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