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June 26, 2024

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

Re: The Narragansett Electric Company d/b/a Rhode Island Energy's Petition for Waiver or Other Relief from Annual Gas Reclassification Process  
Docket No. 24-28-NG

Dear Ms. Massaro:

On behalf of The Narragansett Electric Company d/b/a Rhode Island Energy (the "Company" or "Rhode Island Energy"), enclosed is the Company's petition for waiver or other relief from the annual gas reclassification process under RIPUC NG-GAS No. 101, Section 1, Schedule A, Section 7.0, Sheet 8 ("Gas Tariff"). This petition is filed pursuant to 810-RICR-00-00-1.11(A) and (B).

The timing of the final cutover of the information technology integration system from National Grid USA's platform to the new PPL Corporation systems in August 2024 prevents the Company from performing the annual gas rate reclassification process in August 2024 pursuant to the Gas Tariff. Therefore, for the reasons discussed in the petition, the Company respectfully requests that the Rhode Island Public Utilities Commission waive its requirement to complete the annual rate reclassification process under the Gas Tariff until August 2025.

Please do not hesitate to contact me if you have any questions. Thank you for your attention to this matter.

Very truly yours,



Robert J. Humm

Enclosures

Letter to L. Massaro, Commission Clerk  
Docket No. 24-28-NG  
June 26, 2024  
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cc: Al Mancini, Division  
John Bell, Division  
Leo Wold, Division  
Celia B. O'Brien, Rhode Island Energy  
Jennifer Brooks Hutchinson, Rhode Island Energy  
Joanne Scanlon, Rhode Island Energy  
Chris Ann Rossi, Rhode Island Energy  
Ariel McCord, Rhode Island Energy  
Jim Stephens, Rhode Island Energy



2. The Company conducts the annual rate reclassification, based on usage, for all non-residential customers, regardless of whether the customer is a sales or transportation customer. A “non-residential sales customer” is a customer who purchases their natural gas commodity from the Company. A “non-residential transportation customer” is a customer who purchases their natural gas commodity from an entity other than the Company.

3. In total, the Company reviews approximately 23,000 commercial and industrial (“C&I”) accounts for the re-rate process every August. On average, approximately 1,000 of those accounts would change to a different rate class in September. In 2023, approximately 1,332 customer accounts experienced a rate reclassification through the annual process.

4. The cost differential for the reclassified rates is typically in the range of approximately \$0.01 or \$0.02 per therm, more or less, or does not change. The maximum cost differential in 2023 was approximately \$0.12 per therm (for customers reclassified from C&I Large High Load to C&I Medium).

5. The specific timing of the annual rate reclassification process is based on bill cycles. The rate reclassification process must be run multiple times, based on the timing of the particular bill cycle. The Company has 20 bill cycles for the non-residential firm customers, which are processed in four batches of five bill cycles. Based on the approximate number of C&I accounts reviewed for the rate reclassification process, each bill cycle includes approximately 1,150 customer accounts, and each batch that is reviewed includes approximately 5,750 customer accounts.

6. The annual rate reclassification process for each bill cycle is completed as follows. First, the Company’s Customer group sends a report of the batch of bill cycles to the Billing group. The Billing group reviews the report to determine each customer account’s usage

and whether the customer account is on the correct rate class based on their usage. If no rate change is needed, then the process is complete. If a rate change is needed, then the customer account is sent to the CSS billing system to go through an automated process to update approved new and existing rates. The Company's Billing group may also make manual updates to customer rates if needed.

7. An illustrative timeline of the annual rate reclassification process applicable to the various billing cycles is provided as Schedule RIE-1. The first cycle of bills (Bill Cycles 1 through 5) must be sent to customers by August 27. To meet this deadline, the Company must begin the annual rate reclassification process by approximately August 8. The second cycle of bills (Bill Cycles 6 through 10) must be sent to customers by September 4. To meet this deadline, the Company must begin the annual rate reclassification process for these customers by August 16. The third cycle of bills (Bill Cycles 11 through 15) must be sent to customers by September 11. To meet this deadline, the Company must begin the annual rate reclassification process by approximately August 23. The final cycle of bills (Bill Cycles 16 through 20) must be sent to customers by September 18. To meet this deadline, the Company must begin the annual rate reclassification process for these customers by August 30.

8. Currently, all non-residential firm customers impacted by the annual rate reclassification process are included in the Company's CSS billing system. A subset of the customers impacted by the annual rate reclassification process are non-residential transportation customers that are enrolled in the Customer Choice program.

9. The annual rate reclassification process may result in changes in rates to non-residential transportation customers enrolled in the Customer Choice program. Specifically, a rate change could result in: (i) eligibility for certain transportation services as, for example, a

sales customer that was reclassified from a large to a medium rate class would only qualify for FT-2 service, whereas a sales customer classified to a large rate class would have the option of either FT-1 or FT-2 service; and (ii) an adjustment to the level of gas supply portfolio resources allocated to a specific non-residential firm customer enrolled in the Customer Choice program. Please note that, in the Customer Choice program, the individual customer allocation of resources is aggregated by marketer to facilitate the administrative activity associated with releasing specific interstate pipeline capacity contracts to those marketers as part of the mandatory capacity assignment aspect of the Customer Choice program. The timing of the annual rate reclassification (i.e., August and September) and any associated changes provides sufficient time for the Company to conduct this mandatory capacity assignment before the start of the gas year, which runs from November to October.

**B. IT System Transition from National Grid Systems to PPL Systems**

10. On May 25, 2022, PPL Rhode Island Holdings, LLC, a wholly owned indirect subsidiary of PPL Corporation (PPL Rhode Island Holdings, LLC and PPL Corporation are referred to herein collectively as “PPL”), acquired 100 percent of the outstanding shares of common stock of The Narragansett Electric Company from National Grid USA (“National Grid”) (the “Acquisition”).

11. The Acquisition created a change of control of the Company; however, the tariffs governing the Company’s provision of service remained substantively unchanged after the Acquisition, and the Company continued operating under the existing terms and conditions of service, including under the Gas Tariff.

12. As part of the Acquisition, beginning May 25, 2022, National Grid USA Service Company, Inc. (“National Grid Service Company”) has been providing numerous “Transition

Services” to the Company across a broad range of functional areas under a Transition Services Agreement (“TSA”). The TSA is comprised of 135 individual Transition Services, with initial durations ranging from two months to 24 months. Many of the Transition Services are dependent on the timing of numerous complex information technology (“IT”) system transitions.

13. The PPL IT team has worked closely with the National Grid IT team over the past several months to finalize the schedule for the final IT systems cutover from National Grid’s platform to the new PPL systems. PPL and National Grid have collaborated to move the final IT systems target cutover date to August 19, 2024. To accommodate the final IT systems cutover, the Company and National Grid Service Company extended the date to exit all Transition Services to September 30, 2024.

14. The final cutover of the IT system in August 2024 will include customer-facing applications and all integrated systems, including the customer billing system. Until PPL fully assumes functionality for the Company, National Grid Service Company will continue to provide services for the Company through IT Transition Services pursuant to the TSA.

## **II. LEGAL STANDARD**

15. Petitions for relief under any authority delegated to the Commission shall be in writing, shall state clearly and concisely the petitioner’s grounds of interest in the subject matter, the facts relief upon, and the relief sought, and shall cite by appropriate reference the authority relied upon for relief. 810-RICR-00-00-1.11(A). A petition for the waiver of a rule by the Commission shall, in addition to the specific waiver requested, state in detail with citations to appropriate references, the reasons for the requested action. 810-RICR-00-00-1.11(B)(1). Upon submission of such a petition, the Commission will, within 30 days, either deny the petition in

writing or initiate rulemaking procedures in accordance with R.I. Gen. Laws § 42-35-3. 810-RICR-00-00-1.11(B)(2).

### **III. BASIS FOR WAIVER**

16. The timing of the final cutover of the IT Integration system in August 2024 prevents the Company from performing the annual gas rate reclassification process in August 2024 pursuant to the Gas Tariff, Section 1, Schedule A, Section 7.0, Sheet 8. Therefore, the Company respectfully requests that the Commission waive its requirement to complete the annual rate reclassification process under the Gas Tariff until August 2025.

17. The Company reviews all approximately 23,000 non-residential firm customer accounts as part of the annual rate reclassification process. On average, approximately 1,000, or four percent, of these accounts change to a different rate from August to September.

18. The cost differential for the reclassified rates is typically nominal, with most reclassified customers paying approximately \$0.01 or \$0.02 per therm more, or less, after the reclassification; or, their per therm costs do not change at all.

19. Further, the rate reclassification should be waived and not simply delayed to a later date. Delaying the rate reclassification by even a few months could result in natural gas procurement issues for both the Company's Gas Supply group and the marketers that provide service in the Customer Choice program. Specifically, with an IT system cutover date in August 2024, there would not be sufficient time to conduct the annual rate reclassification process and associated calculations to provide the Company with sufficient time to conduct the mandatory capacity assignments prior to November 1, 2024.

20. If the rate reclassification were to occur in January or February 2025, there could be gas supply planning implications for marketers because the level of resources provided to a

marketer may change after winter gas supply plans were already developed and implemented for the period prior to the rate reclassification. With a waiver, the annual seasonal values would be prepared using existing C&I rate classes and would not be subject to a reclassification until August 2025. In fall 2025, annual seasonal values would be determined by, and aligned with, the Company's annual rate reclassification process.

21. Further, a customer's rate class is a component in determining the level resources assigned to a marketer as part of the mandatory capacity assignment process. By completing the rate reclassification in August, the Company is able to identify the level and type of resources allocated to a customer that is participating in the Customer Choice program and, therefore, is able to aggregate those individual values to inform the resources assigned to marketers. The Company would be able to release the pipeline capacity contracts across eight natural gas pipelines to the retail marketers prior to the gas year, which is from November 1 through October 31. Any delay in the process will result in pipeline capacity release that occurs after the start of the gas year. Any delay in the process will also result in capacity releases during the early winter (e.g., November and December), which likely would impact marketer and Company gas supply planning, such as commodity procurement, pipeline capacity management, and financial hedging.

22. In addition, because of the IT system cutover, a delay would require the Company to manually cancel and rebill customers for their new rates.

23. In sum, performing the annual rate reclassification process in August 2024 as required under the Gas Tariff is effectively impossible. A delay until September, October, or a later month remains significantly challenging based on the work required to effectuate mandatory pipeline capacity releases prior to the start of the gas year. Therefore, the Company

respectfully requests that the Commission waive the Company's requirement under the Gas Tariff to perform the annual rate reclassification process until August 2025.

**IV. CONCLUSION**

For the foregoing reasons, the Company respectfully requests that the Commission grant its petition for waiver or other relief from the annual gas rate reclassification process.

Respectfully submitted,

**THE NARRAGANSETT ELECTRIC  
COMPANY D/B/A RHODE ISLAND  
ENERGY**

By its attorneys,



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Dated: June 26, 2024

**SCHEDULE RIE-1**

The Narragansett Electric Company  
d/b/a Rhode Island Energy  
RIPUC Docket No. 24-28-NG  
Petition for Waiver or Other Relief from  
Annual Gas Rate Reclassification Process  
Schedule RIE-1  
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Bill Cycle	Process	Date Required	Date Run	Comment
	City Gate Data from Gas Engineering to CSS	9/5/YYYY	9/6/YYYY	Must be no later than 9/15/YYYY Completed
1-5	Annual Re-Rate	8/8/YYYY		EXAMPLE ONLY FOR 2024 schedule-September Bill MUST have NEW Rate so we look to Revenue month 8 and start the process AFTER so take Bill group 5,10,15,20 day +1 and start the process for CUT OFF DATE. This will then grab each groups data and allow timeframe for Business Review
	Billing Group Review	8/9/YYYY to 8/20/YYYY		Bill goes out the door on 8/27 for bill group 1
	CSS Rates Updated	<b>Before 8/27/YYYY</b>		All bill groups 1-5 can be updated as long as before 8/27/YYYY
6-10	Annual Re-Rate	8/16/YYYY		EXAMPLE ONLY FOR 2024 schedule-September Bill MUST have NEW Rate so we look to Revenue month 8 and start the process AFTER so take Bill group 5,10,15,20 day +1 and start the process. This will then grab each groups data and allow timeframe for Business Review
	Billing Group Review	8/17/YYYY to 8/27/YYYY		Bill goes out the door on 9/4 for bill group 6
	CSS Rates Updated	<b>Before 9/4/YYYY</b>		All bill groups 6-10 can be updated as long as before 9/4/YYYY
11-15	Annual Re-Rate	8/23/YYYY		EXAMPLE ONLY FOR 2024 schedule-September Bill MUST have NEW Rate so we look to Revenue month 8 and start the process AFTER so take Bill group 5,10,15,20 day +1 and start the process. This will then grab each groups data and allow timeframe for Business Review
	Billing Group Review	8/24/YYYY to 9/4/YYYY		Bill goes out the door on 9/11 for bill group 11
	CSS Rates Updated	<b>Before 9/11/YYYY</b>		All bill groups 11-15 can be updated as long as before 9/11/YYYY
16-20	Annual Re-Rate	8/30/YYYY		EXAMPLE ONLY FOR 2024 schedule-September Bill MUST have NEW Rate so we look to Revenue month 8 and start the process AFTER so take Bill group 5,10,15,20 day +1 and start the process. This will then grab each groups data and allow timeframe for Business Review
	Billing Group Review	8/31/YYYY to 9/11/YYYY		Bill goes out the door on 9/18 for bill group 16
	CSS Rates Updated	<b>Before 9/18/YYYY</b>		All bill groups 16-20 can be updated as long as before 9/18/YYYY
	Annual Seasonal Values	9/19/YYYY		Must be run AFTER Re-Rate process
	Full Transportation Enrollment File to FIS Align	10/1/YYYY		No later than 10/1/YYYY