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October 29, 2024

VIA HAND DELIVERY AND ELECTRONIC MAIL

Stephanie De La Rosa, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

**RE: Docket No. 23-48-EL – The Narragansett Electric Company d/b/a
Rhode Island Energy’s Proposed FY 2025 Electric Infrastructure, Safety, and
Reliability Plan
Responses to Data Requests – PUC Set 15 – Quarter 1 Report**

Dear Ms. De La Rosa:

On behalf of The Narragansett Electric Company d/b/a Rhode Island Energy (the “Company”), enclosed is the Company’s responses to the Public Utilities Commission’s Fifteenth Set of Post-Decisional Data Requests concerning the Company’s Quarter 1 Report in the above-referenced matter.

Thank you for your attention to this transmittal. If you have any questions or concerns, please do not hesitate to contact me at 401-784-4263.

Sincerely,

A handwritten signature in blue ink, appearing to read "Andrew S. Marcaccio".

Andrew S. Marcaccio

Enclosures

cc: Docket No. 23-48-EL Service List

PUC 15-1

Request:

The FY 25 budget for the Providence Area Study Projects is \$20,382,000, in the Asset Condition category. The Q1 Report, Attachment E, line 29, however, shows forecasted spending for the fiscal year to be only \$12,232,000. A limited explanation for the variance is provided on page 3 of 24, stating that “Phase 1B related to the cable portion of the project is forecasted to be underbudget due to delays in construction.” No other explanation is given for the forecasted underspend of over \$8 million.

- (a) Please provide a more detailed explanation of why the Company is forecasting this underspend on the projects, including the causes of the delays in construction, a breakdown of the estimated \$8 million of underspend by project component, and an updated forecast of spending for FY 26, FY 27, and FY 28-29 (if any) associated with the relevant area study projects.
- (b) Please provide an assessment of the degree of impact on the reliability of the system, if any, that may be caused by the delays.

Response:

- (a) The table below outlines the projects that make up the FY 2025 budget of \$20.4 million and forecast of \$12.2 million. None of these projects have projected spend in FY 2029. Specific variance explanations for each line item are in Column (i).
- (b) The impact on the reliability of the system due to the Providence Area Study Projects schedule is mainly related to summer period load shifts the Company is conducting on a yearly basis.

The first phase of the Providence Study focuses on retiring the Admiral, Geneva, Rochambeau, Olneyville, and Harris Ave 4kV and 11kV stations. Most of the load from these stations was to be converted and transferred to the new Admiral Street 12kV station and other surrounding feeders in the area.

As intended, during the construction of the Admiral Street station, some of the load from these retiring stations has been converted to 12.47kV and the load has temporarily been resupplied by feeders from the Johnston, Clarkson, and Point Street substations. This step was necessary to facilitate the retirement process and construction at the Admiral Street Substation.

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However, with the delays in constructing the Admiral Street Substation, some of the circuits involved in these conversions are nearing their thermal capacity because of localized load growth. Distribution Planning is closely monitoring these feeders to prevent overloads, but the lack of available capacity is making it increasingly difficult to add additional load. Specifically, the Johnston 18F5, 18F7, and 18F9 circuits were 100%, 96%, and 92% loaded respectively during the summer of 2024. All three circuits have load-at-risk above planning guidelines and all three circuits are projected to be near or over summer ratings for 2025 and future years until the new Admiral Street substation is in service. Similarly, the Clarkson Street 13F3 and 13F9 circuits were loaded over 100% during the summer of 2024.

Additionally, due to the delays and the retirement of Admiral Street 4kV feeders, the Geneva Substation and several feeders from Rochambeau have become isolated electrical islands. Without ties to other feeders, feeders out Geneva and Rochambeau are at greater risk of extended outages in the event of a supply or substation fault, as there are no nearby feeders capable of picking up the load.

The continued reliability exposure due to the original asset condition drivers of the Providence Area Study Projects is also increasing. Specifically, in April 2023, the Sprague Street T2 Transformer failed. At the time of this event, the Company had just completed the conversion of the Olneyville Substation load and a deenergized Olneyville transformer was used as a temporary spare. Should this older unit not been available, there would not have been a spare that was compatible with the failed transformer and suitable for the substation arrangement.

In Re: FY 2025 Electric Infrastructure, Safety and Reliability Plan
Responses to the Commission’s Fifteenth Set of Data Requests – Quarter 1 Report
Issued on October 1, 2024

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(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
Project #	Project Description	YTD FY 2025 Q1 Actuals (\$000's)	FY 2025 Budget (\$000's)	FY 2025 Q1 Forecast (\$000's)	FY 2026 Forecast (\$000's)	FY 2027 Forecast (\$000's)	FY 2028 Forecast (\$000's)	Variance Explanation	
1	C078734	Ph 1A-PROVSTUDY ADMIRAL ST 4&11KV CONVERT	3	-	3	-	-	-	Closeout costs.
2	C078801	Ph 1B - ProvStudy Admiral St Demolition	16	-	16	-	-	-	
3	C078796	Ph 1B-PROVSTUDY ADMIRAL ST-ROCHAMB D-LINE	100	-	100	-	-	-	
4	C078797	Ph 1B-PROVSTUDY ADMIRAL ST-ROCHAMB D-SUB	484	-	611	-	-	-	The Company is still experiencing long material lead times; this is further complicated by outage availability in Providence; in this case these constraints pushed completion of the temporary transformer from FY24 into FY25.
5	C078802	Ph 1B-PROVSTUDY OLNEYVILLE 4KV D-LINE	8	-	8	-	-	-	
6	C078803	Ph 1B-PROVSTUDY ADMIRAL ST 12KV MH&DUCT	988	3,540	1,324	-	-	-	The manhole and duct bank, less final paving and restoration, was completed in FY24. The Company was able to reduce the final paving costs by assigning this work to the Company’s Gas Restoration Contractor of Choice rather than the Manhole and Duct bank installation contractor.
7	C078804	Ph 1B-PROVSTUDY ADMIRAL ST 12KV CABLES	6	5,930	674	9,728	-	-	Due to delays in materials for the Admiral Street substation rebuild, the Company felt it was prudent to push the cable installation into FY26. The Company believes there is too much risk to the cable if it was installed and left un-energized for an extended long period of time.
8	C078805	Ph 4-PROVSTUDY KNIGHTSVILLE 4KV CONVERT	636	5,045	1,220	30	-	-	The D-Line work was accelerated in FY24 to accommodate the city's request and will be finished in FY25. This was offset by pushing Prov Study Phase 2 D-line into FY25.

In Re: FY 2025 Electric Infrastructure, Safety and Reliability Plan
Responses to the Commission’s Fifteenth Set of Data Requests – Quarter 1 Report
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(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
Project #	Project Description	YTD FY 2025 Q1 Actuals (\$000's)	FY 2025 Budget (\$000's)	FY 2025 Q1 Forecast (\$000's)	FY 2026 Forecast (\$000's)	FY 2027 Forecast (\$000's)	FY 2028 Forecast (\$000's)	Variance Explanation	
9	C078806	Ph 4-PROVSTUDY KNIGHTSVILLE 4KV D-SUB	830	2,945	3,597	-	-	-	In FY24 Q4, material delays and outage restrictions pushed completion from FY24 into FY25.
10	CRI3061	Ph 2 - ProvStudy Harris Ave 11kV(1129&1137)	-	260	124	28	203	1,250	Design pushed out to fall in a more logical sequence with connected feeder construction under CRI3055 (Olneyville) and C078857 (Harris Ave).
11	CRI3055	Ph 2 – Prov Study Geneva,Olneyville,Rocham4kV	134	1,374	2,233	4,437	3,670	31	Construction and material costs planned for end of FY24 were pushed to FY25 due to construction resources working on Ph 4 work. Forecast also changed due to construction and material estimates from contractor coming in higher than pre-design estimates.
12	C078857	Ph 2-PROVSTUDY HARRIS AVE 4&11KV RETIRE	156	1,288	2,323	152	6,522	1,183	Same explanation as CRI3055.
13	Total		\$3,361	\$20,382	\$12,233	14,375	10,395	2,464	

PUC 15-2

Request:

Attachment E, page 1, line 5, forecasts an overspend of \$4 million for “Transformers and Related Equipment.” The explanation given is increased unit prices. Please provide a schedule showing the components and pricing used to develop the original forecast and show the increased pricing impact for each component. Please provide an updated forecast of spending for FY 26 through FY 29 that the Company anticipates will result from increased unit pricing. Comparing FY25 Budget to FY25 Forecast would suggest a 50% increase in pricing. Is this correct? If not, please explain. Further, please fully explain the cause of this increase.

Response:

The Company does not have a schedule showing the components and pricing used to develop the original budget. The FY 2025 ISR proposed budget for transformer purchases was submitted prior to the implementation of the budgetary framework established for the FY 2025 Plan. As both availability and unit pricing of transformers were in flux due to supply chain issues, the Company conservatively forecasted its proposed budget, based on the previous years' actual spending and actual FY 2024 procurement information. As of November 30, 2023, spending fiscal year to date for transformers was \$6.5 million and the Company believed that \$8.0 million was a reasonable forecast for FY 2024. The Company used this as a basis for future forecasts and proposed a \$8.0 million budget for FY 2025 - FY 2029 because better information on individual transformer unit availability quantities and unit pricing was unavailable. It was, and still is, difficult to forecast at a detailed level (transformer units required multiplied by unit price) because unit availability, delivery schedules, and unit prices are uncertain. The Company has seen delays as long as three years from original delivery dates. The Company is purchasing transformers as they became available. Field teams are installing transformers available, making safe substitutions as required.

As of October 2024, the forecast transformer purchases will be 50% higher than the amount budgeted for FY 2025 in December 2023. Part of this is related to unit price increases; since 2020, two of the most purchased units have seen price increases ranging from 160% to 226%. The unpredictability of deliveries and delays is also driving the increase in this year's forecast. The Company is currently forecasting transformer purchases for FY 2026 – FY 2030 at \$12 million annually, based on actuals from FY 2024 and this fiscal year's current forecast.

PUC 15-3

Request:

Attachment E, page 3, line 22, forecasts an overspend of approximately \$2 million on the Tiverton D-Line project. The explanation given on page 4 stated: “This project was accelerated to increase project efficiencies and minimize carrying costs. The Company anticipates that assets will be in service by year end.”

- (a) Please provide a more detailed explanation of how the acceleration will “increase project efficiencies.”
- (b) Please provide a schedule showing how the acceleration will “minimize carrying costs.”
- (c) Please provide an updated forecast of spending for this project for FY 26 through FY 29.
- (d) Please provide a schedule showing how the acceleration will result in overall savings on rate impacts to ratepayers over the next five years, if any, by accelerating the service date of assets for the project into FY 25, instead of spreading spending over five years, as originally forecasted in the Company’s ISR proposal, which showed spending as \$328,000, \$656,000, \$650,000, \$328,000, and \$440,000 from FY 25 through FY 29, respectively.

Response:

- (a) The primary efficiency is the savings in the multiple mobilization and demobilization costs being reduced to one. By completing construction in one fiscal year, our total mobilization and demobilization cost for the Distribution Line crews was approximately \$60,000. If the project was completed on the initially proposed schedule, there would have been another approximately \$260,000 spent on mobilization and demobilization costs.

Other efficiencies that add to the project savings are attributed to team costs and other activities that would have to be performed in the outer years. For example, by completing future tasks such as a reduction in town hearings for pole petitions by our legal team, material delivery costs, project management costs, etc.

Additionally, by completing the work in a single construction season, the Company can avoid yearly utility construction increases that have been exceeding the general inflation rate. For example, 2023 consumer prices for all items rose 3.5 percent, while during the same timeframe the Handy Whitman Index shows distribution line construction increases

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for Poles, Towers & Fixture of 2.4% and Overhead Conductors & Device of 34.8%. This results in an estimated 2023 composite distribution increase of 18.6%. Applying this increase to FY 2026 through FY 2029 results in mitigating a cost risk of up to an additional \$559k.

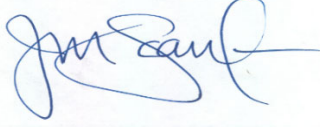
Completing this as a single construction project eliminates costs and insulates our customers from these additional cost uncertainties.

- (b) The Company misstated that it would minimize carrying costs (AFUDC) on this project.
- (c) Construction is complete and energized, and the project is in the closeout phase. There is no spend forecasted in FY 2026 through FY 2029.
- (d) All other things being equal, such as total project costs and the values used in a revenue requirement calculation, there would not be an overall impact on ratepayers by spending and placing a project in service in one year versus spending over multiple years and placed in service in the final year, other than the timing of when the project is reflected in rates. However, as described above in part (a), by accelerating the project and placing in service during FY 2025, there are several cost reductions / avoidances that will reduce the overall total project costs as compared to completing the project over multiple years. This lower overall project cost will result in lower plant in service which results in a lower bill impact to ratepayers.

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

October 29, 2024
Date

**Docket No. 23-48-EL – RI Energy’s Electric ISR Plan FY 2025
Service List as of 8/7/2024**

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