

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

IN RE: THE NARRAGANSETT ELECTRIC : DOCKET NO.: 5098
COMPANY D/B/A NATIONAL GRID’S FY 2022 :
ELECTRIC INFRASTRUCTURE, SAFETY AND :
RELIABILITY (ISR) PLAN :

ORDER

This matter came before the Public Utilities Commission (Commission) upon the Narragansett Electric Company d/b/a National Grid’s (National Grid or Company) proposed Electric Infrastructure, Safety, and Reliability (ISR) Plan for fiscal year 2022, filed on December 21, 2020.¹ The Commission acknowledges that due to an oversight in the midst of the COVID-19 pandemic, its decisions with respect to this docket were not confirmed via written Order. This Order serves to confirm the Commission’s decisions and close this docket.

I. Background

By way of background, R.I. Gen. Laws § 39-1-27.7.1(d) requires the Company to consult with the Division of Public Utilities and Carriers (Division) regarding the Company’s infrastructure, safety, and reliability spending plan for the following fiscal year, addressing the following categories: (1) capital spending on electric infrastructure; (2) operation and maintenance expenses on vegetation management; (3) operation and maintenance expenses on system inspection; and (4) other costs related to maintaining safety and reliability that are mutually agreed upon by the Division and the Company.² Prior to and during the pendency of this matter, the Company and the Division of Public Utilities and Carriers (Division) held multiple conferences and engaged in discovery with respect to the Company’s proposed 2022 ISR Plan and pre-filing

¹ All filings submitted in this matter can be accessed on the Commission’s website at <https://ripuc.ri.gov/eventsactions/docket/5098page.html> or at its offices at 89 Jefferson Boulevard, Warwick, RI during regular business hours.

² R.I. Gen. Laws § 39-1-27.7.1(d).

adjustments thereto.³ The Division submitted multiple memoranda supporting the proposed 2022 ISR Plan and finding that the revenue requirement was calculated in accordance with the ISR provision of the Company's tariff.⁴ The Office of Energy Resources intervened and propounded discovery, but did not submit a written position statement.

II. Open Meeting and Decision

Following an exchange of discovery, a public comment hearing on March 9, 2021, and an evidentiary hearing on March 16, 2021, the Commission convened at an Open Meeting on March 29, 2021 to discuss and vote on the proposed 2022 ISR Plan.

The Commission approved the proposed 2022 ISR Plan subject to certain modifications. First, the Commission directed the Company to reclassify proposed COVID-related spending from the nondiscretionary "customer request" category to the discretionary "system requirement and performance" category or explain why it should not be reclassified. The spending in question involved recurring voltage issues during summer heat, which appeared to reflect broader system capacity problems rather than individual customer requests. Therefore, spending should be reclassified as discretionary, making it the Company's responsibility to determine its priority. The prior decision allowing COVID-related spending to be considered non-discretionary "customer request" spending was premised on system issues that arose as a direct result of more people working from home during the pandemic which is different from system issues that were identified as a result of the Company conducting a full review of the circuits on its system during the COVID pandemic period.⁵

³ See Booth Test., at 4:1-6:10 (Feb. 11, 2021).

⁴ See generally Booth Test.; Division's Mem. on Revenue Requirement (Mar. 3, 2021); Division's Post-Hearing Mem. (Mar. 19, 2021); Division's Mem. on Company's Compliance Filing (Apr. 15, 2021).

⁵ See generally, Division's Post-Hearing Memo.

Second, the Commission directed the Company to remove \$2,050,000 categorized as strategic Distributed Energy Resources (DER) funding from the budget. The Commission questioned whether the Company's identified issues would arise and need resolution this year.⁶ Although the Commission could have allowed this budget line item for further review later, it notes that budget approval does not equate to prudence determination. If the Company cannot demonstrate that a need is immediate or highly likely, the Commission should not approve it as a current-year fix. Accordingly, removing the line item and requiring the Company to manage its resources sends a stronger signal.

The Company was directed to make a compliance filing using the Operation and Maintenance factors and Cap Ex factors based on forecasts contained in Docket No 5127 together with revised tariff sheets R.I.P.U.C. Nos. 2095 and 2096, and timely did so on March 30, 2021.⁷ On April 15, 2021, the Division determined that the revised revenue requirement calculations in the compliance filing were accurate and properly reflected the Commission's decision, and thus recommended approval.⁸ On April 16, 2021, the Commission reviewed the filings and the

⁶ The mere undefined probability of potential spending "should the Company need to advance grid modernization related projects at [a substation in a fiscal year] based on system performance results" is not evidence of an immediate need. As noted in Mr. Booth's testimony, the Company administers a known application process for DER investments and where System Modifications are the responsibility of the interconnecting customer, the Company should have time to plan for any system investments needed in the area that are not the direct result of the DER interconnection. Although the Division agreed to include the \$2 million as what appears to be more of a placeholder in case the need arises, there was no need shown for a new ISR category. Ultimately, it is the Company's responsibility to determine timing of investments.

The Commission noted that this discussion highlighted confusion around what it means to have an item approved in the budget. Typical items like substations and transformers are clear-cut, while general strategic initiatives like DER are more ambiguous. The Company must determine the necessity and timing of such investments in its justification. Reconciliation expenses are not reviewed as thoroughly, meaning that if the expense is left in the budget, it may not receive sufficient scrutiny later. Removal of the funding should not result in a reduction of safety or reliability because it would not be prudent for the Company to ignore a necessary investment simply because it was not in the budget. The original intent of the ISR mechanism was to address underinvestment due to regulatory lag. The Commission cannot allow ISR to shift risk away from the Company and onto regulators.

⁷ See generally Company's Compliance Filing (Mar. 31, 2021).

⁸ See generally Division's Mem. on Company's Compliance Filing.

Division's recommendation, and found the compliance filing to be consistent with the Commission's decisions.

At the Open Meeting held on March 29, 2021, the Commission made and approved motions consistent with this Order.

Accordingly, it is hereby:

(25450) ORDERED:

1. The Narragansett Electric Company d/b/a National Grid shall reclassify the Covid budget from customer request to system capacity and performance, or explain why this work should not be reclassified;
2. The Narragansett Electric Company d/b/a National Grid proposed FY 2022 Electric Infrastructure, Safety, and Reliability budget is adopted subject to removal of the Strategic DER line item and the associated spending of \$2,050,000;
3. The Narragansett Electric Company d/b/a National Grid shall use the Operation and Maintenance factors and CapEx factors based on forecasts contained in Docket No. 5127 and file a compliance filing on or before April 1, 2021;
4. The Narragansett Electric Company d/b/a National Grid shall follow the Division of Public Utilities and Carriers' further recommendations outlined in its memorandum dated February 11, 2021; and
5. The Electric ISR CapEx Factors; CapEx Reconciliation Factors; Operating & Maintenance Charge; and O&M Reconciliation Factors listed in RIPUC Tariff No. 2095, Sheet 2, Issued on March 31, 2021 are hereby approved for effect April 1, 2021.

EFFECTIVE AT WARWICK, RHODE ISLAND PURSUANT TO OPEN MEETING DECISIONS ON MARCH 29, 2021 AND APRIL 16, 2021. WRITTEN ORDER ISSUED JULY 3, 2025.

PUBLIC UTILITIES COMMISSION



Ronald T. Gerwatowski, Chairman



Abigail Anthony, Commissioner

*Marion S. Gold, Commissioner

* Commissioner Gold is unavailable for signature due to the expiration of her term.

NOTICE OF RIGHT OF APPEAL: Pursuant to R.I. Gen. Laws § 39-5-1, any person aggrieved by a decision or order of the PUC may, within seven days from the date of the order, petition the Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or order.