**STATE OF RHODE ISLAND**
**PUBLIC UTILITIES COMMISSION**

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| **IN RE: THE NARRAGANSETT ELECTRIC** | **:** | |
| **COMPANY d/b/a RHODE ISLAND ENERGY** | **:** | **DOCKET NO. 3628** |
| **PROPOSED REVISION TO SERVICE QUALITY PLAN** | **:** | |

# REPORT AND ORDER

## I. Summary

On December 27, 2023, Rhode Island Energy (the Company) submitted a proposed Service Quality Plan (SQP) as part of its broader deployment of Advanced Metering Functionality (AMF) infrastructure. The proposal was filed in compliance with prior Commission directives, including the decision in Docket No. 22-49-EL, which approved the Company's AMF investment subject to certain performance and cost containments.[1] The Commission had directed the Company to propose new and updated service quality adjustments for: meter reading and billing, trouble non-outage, network speed, faster outage notification, and customer satisfaction. The Company's proposed SQP included these five service quality categories, each with associated performance structures, penalties, and offsets.[2] The Company proposed capping total penalties at $2.9 million per year and allocated specific maximum penalties across the five performance areas.

## II. Description of the Company's Filing

Rhode Island Energy submitted Joint Pre-Filed Direct Testimony of Carrie Gill and Philip J. Walnock.[3] The witness's testimony described the proposed service quality plan and was

[1] RIPUC Docket No. 22-49-EL, Order No. 25353. Available at https://ripuc.ri.gov/sites/g/files/xkgbur841/files/2025-05/RI%20Energy%2022-49-EL%20Ord25353%20AMF%20%28final%29%205-20-25%20w-Seal.pdf
[2] Id. Pg. 28-29
[3] RIPUC Docket No. 3628. The Narragansett Electric Company d/b/a Rhode Island Energy's Proposed Revisions to the Service Quality Plan. Available at https://ripuc.ri.gov/sites/g/files/xkgbur841/files/2024-01/3628-2249-RIE-UpdatedSQP_12-27-23.pdf

accompanied by a Technical Appendix that described the targets, thresholds, and the structure of the service quality adjustments, as well as the data and methods used to derive these elements.

The Company's proposed Meter Reading and Billing Service Quality Adjustment was designed to measure the average monthly percent of meters read. The Company used data on the monthly percent of meters read from January 2002 through December 2022[4] to determine that the maximum penalty should be incurred if the average monthly percent of meters read was 82.4 percent and would decrease linearly to zero at 98.4 percent of meters read.[5] The Company proposed to apply a dollar offset starting when 99.1 percent of the meters are read, increasing linearly until 99.3 percent of meters are read. The Company suggested a maximum penalty of $184,000 and a maximum offset of $46,000.

The filing next described the Company's proposed Trouble Non-Outage Service Quality Adjustment. Trouble non-outage calls are classified by customer service representatives and involve power quality issues (e.g. dim lights, flickering, low voltage) rather than full outages. The Company used data on call volume per month from June 2019 through August 2023 to determine that the maximum penalty should be incurred when the average call volume per month is 81.52 calls and decrease linearly to zero at 57.19 calls.[6] The Company proposed that to apply a dollar offset when average call volume is 24.75 calls, increasing linearly until the average call volume per month is zero. The Company suggested a maximum penalty of $184,000 and a maximum offset of $46,000.

[4] Schedule 1: Technical Appendix, pg. 1.
[5] Schedule 1: Technical Appendix, Figure 3.
[6] Schedule 1: Technical Appendix, pg. 8.

Then, the filing described the key elements of the proposed Network Speed Service Quality Adjustment. Average network speed per customer is the average time (in minutes) it takes for electric interval data to travel from the meter to the customer portal.[7] It is calculated by averaging the timestamp differences between when the data is recorded at the meter and when it becomes viewable at the portal, excluding data affected by external network issues or power outages.[8] The Company proposed to measure performance over a 30-day period following full project implementation by observing the percentage of customers whose average network speed is 45 minutes or faster.[9] The Company suggested that the service quality adjustment be assessed only once and proposed to incur a maximum penalty of $200,000 if 65 percent of customers have an average network speed less than or equal to 45 minutes. The penalty would decrease linearly until 85 percent of customers have average network speed less than or equal to 45 minutes. The Company proposed to receive an offset if 95 percent of customers have average network speed less than or equal to 45 minutes and the offset could grow to a maximum of $50,000 if 100 percent of customers have average network speed of 45 minutes or less.

The fourth service quality adjustment proposed by the Company was for Faster Outage Notification. The Company measures the time saved by automated outage alerts ("Last Gasp" meter notifications) compared to customer-reported outages. For each outage where both types of notifications were received, it calculates the difference in timestamps and calculates how many minutes earlier the Last Gasp alert arrived than the customer's report was received. The metric is the average of these time differences across all such outages during a 12-month test period.[10] The Company proposed to incur a maximum penalty of $200,000 at zero minutes. The penalty would

[7] Schedule 1: Technical Appendix, pg. 10.
[8] Schedule 1: Technical Appendix, pg. 17.
[9] Schedule 3: Service Quality Plan (Redlined) pg. 11.
[10] Schedule 1: Technical Appendix, pg. 18.

decrease linearly to zero at 17.6 minutes. Under the Company's design, an offset would be offered at 26 minutes and increase linearly to $50,000 at 33 minutes. The Company described a key assumption to the determination of the deadband: because the data does not show how long non-calling customers would take to report outages, the Company could not statistically determine variability. Instead, the Company assumed that the 20 percent of customers who never call would have reported outages at the same time as the Last Gasp alert (0 minutes). Using a weighted average (80 percent calling at 22 minutes, 20 percent calling at 0 minutes), the lower threshold was set at 17.6 minutes. To create a symmetrical deadband, the same 4.4-minute gap was added above the 22-minute target, setting the upper threshold at 26.4 minutes. A maximum offset threshold of 33 minutes was set, while 0 minutes was the penalty threshold.[11]

Finally, the Company proposed to update its pre-existing Customer Satisfaction Service Quality Adjustment. The update includes adding a question to the existing customer contact survey to assess customer satisfaction related to reliability. The Company explained that it determined that only one of the two existing survey questions is likely to provide insight into how customer satisfaction changes with the deployment of advanced meters, the purpose identified by the Commission, and the Company concluded that the customer contact survey is biased towards dissatisfaction because it is only provided to customers who have recently contacted the call center.[12] The Company advised that it added a question about the reliability of electric service to the survey, purportedly to assess satisfaction with the advanced meters. To address the second concern, the company proposed to implement a quarterly survey of a random sample of 2,400

[11] Jt. Test. at 31-32
[12] Jt. Test. at 36-37.

customers. While the Company included a maximum penalty of $184,000 and a maximum offset of $46,000, targets and thresholds for penalties and offsets were not yet proposed.

The Company's proposal was designed so that the total maximum penalty was $2.9 million. To develop the maximum penalty for the Service Quality Plan, the Company looked to the historical revenue-based percentage. The Company identified that the year 2000 service quality plan set the maximum penalty at $2.4 million. In 2004, this was lowered to $2.2 million, or approximately 1 percent of electric distribution revenues. Later amendments to the service quality plan in 2007 and 2016 did not change the total penalty amount. The Company reviewed its own penalty history (5 penalties since 2005, and none since 2016) and concluded that 1 percent of revenue remains a meaningful deterrent to the Company. The Company asserted that the relevant benchmark now is the annual target revenue for the Revenue Decoupling Mechanism (RDM). The Company states that, in 2022, the RDM target revenue was $299 million, and thus proposed a new maximum penalty of $2.984 million.

The Company relied on the Commission's prior reasoning from Docket 3628 to assign 83 percent of the penalty value (or $2.4 million) to reliability-related service quality adjustments and 17 percent (or $500,000) of the penalty value to customer satisfaction-related service quality adjustment. The company maintained the existing maximum penalties for service quality adjustments not addressed by the Commission in Docket No. 22-49-EL (SAIDI, SAIFI, and Calls Answered), totaling $2,016,000. [13] The Company divided the remaining $600,000 evenly among the three new reliability-related service quality adjustments, or $200,000 maximum penalty for each of Trouble Non-Outage, Faster Outage Notification, and Network Speed. The remaining

[13] RIPUC Docket No. 3628, 2023 Service Quality Plan Results. Section 2: Calculation of Penalty/Offset, pg. 1.

$368,000 was split equally between the new and updated customer satisfaction-related service quality adjustments, equaling a $184,000 maximum penalty for each of Customer Satisfaction Contact Survey and Meter Reading and Billing.

In response to the Commissions directive to engage with the Division of Public Utilities and Carriers (Division) to negotiate the details and implementation of the proposed service quality plan, the Company held two meetings with the Division. The first meeting was held on November 9, 2023. The Company explained that it presented preliminary concepts for the five proposed service quality adjustments. The second meeting was held on November 30, 2024. The Company shared proposed targets and thresholds for four service quality adjustments, a revised approach for one service quality adjustment, and addressed earlier Division questions. On December 15, 2023, the Company emailed the Division a redlined draft of the plan and a summary of its penalty and offset methodology. No further meetings occurred before the proposal was filed.

## III. Other Parties' Positions

The Division submitted a review and analysis of Rhode Island Energy's proposed revisions to the service quality plan by William F. Watson.[14] Mr. Watson explained several reasons the proposal did not subject the Company to adequate accountability. First, Mr. Watson disagreed with the Company's proposal to exclude Major Event Days from the calculation of the metric for the Meter Reading and Billing Service Quality Adjustment. The Company argued that fewer meters are read during months with Major Event Days because staff are diverted to power restoration instead of meter reading. Mr. Watson asserted that AMF reduces the dependency on staff for meter reading, leading to more consistent reading. Mr. Watson pointed to the Company's benefit cost

[14] Watson Mem. (May 15, 2024).

analysis from the AMF Business Case to support his argument, showing that the Company's analysis assumed that eight full-time meter reading employees will be eliminated with AMF deployment. Thus, Mr. Watson recommended that the meter reading target should be reevaluated after AMF meters are fully deployed, based on actual performance from the new system.

Mr. Watson also posited that the maximum penalty proposed for the Faster Outage Notification service quality adjustment is too low relative to the claimed benefits. Mr. Watson pointed out that faster outage notification was a key benefit in the Company's business case for the AMF investment, with $169 million in net present value savings, or 23% of the total benefits. Mr. Watson asserted that the proposed penalty for failing to meet the 22-minute improvement is only $200,000 annually, which he views as insufficient given the Company's claims. Mr. Watson also disagreed with the proposed deadband, which allows the Company to avoid penalties if the average notification time improvement is at least 17.6 minutes. this, according to Mr. Watson, undermined the basis of the benefit calculation where, if this lower performance had been reflected in the benefit cost analysis, the estimated savings would have been much lower. Mr. Watson pointed out additional limitations with the assumptions made by the Company to establish the deadband. Specifically, the Company assumed that customers who do not call the utility would have called immediately upon experiencing an outage. Mr. Watson opined that some customers will stop calling in outages once AMF is installed because they will assume the utility already knows about the outage. The utility's assumption would further lower the effective performance of the system, possibly reducing average notification improvement to as low as eleven minutes, calling into question the original claims of 22 minutes. In conclusion, Mr. Watson recommended that the 22-minute faster notification target should be enforced in full, with no deadband. Mr. Watson also recommended a higher penalty for failing to achieve the target, potentially up to the

$1 million maximum originally offered as an upper-limit penalty by the Commission. Mr. Watson also suggested that the Commission could allow for penalty offsets if improved SAIDI demonstrates real outage duration reductions.

Mr. Watson agreed with the Company's proposal to set a cap on annual service quality penalties at one percent of electric distribution revenue and agreed with the Company's calculation of $2.9 million based on the annual target revenue for the RDM. Although Mr. Watson proposed increasing the penalty for not meeting the Faster Outage Notification service quality adjustment from $200,000 to $1 million, raising the total potential penalties across all performance standards to $3.768 million, he still supported limiting the total annual penalties to $2.9 million.[15]

The Attorney General provided a position statement that explained that under the terms of the May 19, 2022 settlement agreement between PPL and the Attorney General, the Company committed to ensuring that its AMF deployment would produce a benefit cost analysis result at least as favorable as National Grid's prior proposal, and to assume the risk if actual benefits fell short.[16] The Company made specific benefit claims that underpin its value case for AMF. Therefore, according to the Attorney General, any approved service quality metrics, penalties, or offsets must not undermine the Company's responsibility to deliver the promised benefits.

The Attorney General argued that the Company's proposed penalties – capped at or below $200,000 per service quality adjustment – were too low, especially given the significant benefits promised from AMF deployment. The Attorney General suggested that instead of applying outdated penalty frameworks, the focus should be on ensuring that Rhode Islanders receive the full value of promised benefits. Therefore, according to the Attorney General, penalties should be set

[15] Watson Mem. at 4.
[16] Attorney General Position Statement (May 15, 2024).

based on potential customer losses if benefits are not delivered, without being limited by old caps. Additionally, proposed offsets should be viewed skeptically because customers are entitled to receive the full value of benefits from AMF.

The Attorney General urged careful review of the proposed customer service survey to ensure that the survey questions do not conflate satisfaction with reliability and satisfaction with billing. The position statement also recommended on-going (not just one-time) assessment of network speed to ensure that service quality doesn't decline over time. Lastly, the Attorney General stressed that performance metrics should be designed to ensure equitable benefits across all customer groups, preventing some from being underserved despite sharing in the costs.[17]

## IV. Hearing

The Commission held an evidentiary hearing on the proposed service quality plan on July 23, 2024. The witnesses for the Company included Ms. Gill and Mr. Walnock. Following direct examination and questions from intervening parties, the Commission and its staff examined the Company's witnesses on the elements of their proposal.

The Chairman also questioned the rationale for limiting the maximum penalty to one percent of the annual target revenue, noting that as additional metrics are added, the impact of any one is diluted.[18] The witnesses for the Company explained that the rationale was chosen to keep consistency with prior Commission-approved service quality plans. The Company position was that the one percent cap was effective in positively impacting positive outcomes.[19] In response to questions from the Attorney General, the Company witness agreed that the Commission's

[17] Attorney General's Position Statement (May 15, 2024).
[18] Hr'g. Tr. at 129-30.
[19] Hr'g Tr. at 53-57.

underlying decision had contemplated potential penalties that could exceed $2.9 million and that the Commission had put in no conditions on an overall cap.[20]

After reiterating that the Company understood the Commission had not imposed an overall cap, in response to question from the Chairman, the witnesses agreed the annual target revenue for the RDM was set in Docket 4770 in 2018, and that actual, current utility revenues are higher than $299 million.[21] The witness testified that the Company used one percent of the annual target revenue for the RDM as a benchmark for the total potential penalty, but agreed that deviations from that benchmark could still be reasonable.[22]

Next, the witnesses answered questions about the Meter Reading and Billing service quality adjustment. The witness clarified that the proposal would only measure the percent of meters successfully read each month and would not measure any indicators of successful billing.[23] He explained that a meter is considered to have been successfully read when the interval data reaches the meter data management system (MDMS).[24] In a written response to a record request, Mr. Walnock further clarified that the method of determining a successful meter read differs before and after deployment of AMF infrastructure. While the current system relies on Automated Meter Reading (AMR), usage data is collected via manual or drive-by readings. While AMR is still in use, the head-end system generates a binary data field that flags whether each meter's usage has been updated. This flag is used to determine the percent of meters read each month. After AMF deployment, the head-end system will retrieve usage data from the advanced meters and transmit it to the MDMS. The MDMS will then validate the data and determine the percentage of

[20] Hr'g. Tr. at 102-03.
[21] *Id*. at 126.
[22] *Id*. at 130.
[23] *Id*. at 139-140.
[24] *Id*.

successfully read meters, defined as those for which validated usage data has been updated. This figure will be calculated as the ratio of AMF meters read to the total number of AMF meters in service. The Company will also produce a composite performance measure by combining the AMF flag data and the MDMS meter data reports, weighting each according to the population of meters in each category.[25]

In the same written response, following the hearing Mr. Walnock clarified that successful billing requires data to reach the Customer Information System (CIS), also referred to as the Customer Service System (CSS). The CSS translates usage data into bills and performs a series of validation checks to ensure that usage and charges are reasonable for each customer's rate class. The CSS also tracks the number of bills issued relative to the total number of bills scheduled for issuance on any given day.[26]

Commission staff inquired about the rationale for the proposed penalty and offset structure. The witness stated that an offset component was included in the meter reading and billing service quality adjustment "to be consistent with other metrics."[27] However, the witness could not demonstrate that customers receive meaningful benefits when meter reading performance exceeds the target.[28] Moreover, the witness was unable to confirm whether the proposed maximum penalty adequately reflects the hardship faced by customers who not receive a meter read for an extended period, such as a full year.[29]

Lastly, regarding the exclusion of Major Event Days from the calculation of the percent of meters read, the witness acknowledged this may not be necessary. With AMF meters, the witness

[25] Rhode Island Energy, Record Request No. 1
[26] *Id*.
[27] Hr'g. Tr. at 149.
[28] *Id*. at 152.
[29] *Id.* at 159-160.

explained, interval data is stored on the device and can be retrieved once the network is restored following an outage.[30] As such, a major event day would not necessarily prevent the Company from obtaining usage data for affected meters.

Next, Company witnesses answered questions from Commission staff about network speed. The witnesses testified that the target is for 90 percent of customers' usage data to be available on the customer portal within an average of 45 minutes or less. Central to this target is the expectation that 80 percent of interval data packets will be transmitted from the meter, through the network, to the MDMS, and back to the customer portal within 30 minutes.[31]

Ms. Gill and Mr. Walnock explained that this performance expectation is grounded in both observed system behavior and design specifications under normal operating conditions. The network is purposefully engineered so that 80 percent of usage data packets are transmitted successfully on the first attempt, without the need for gap reconciliation – a process that identifies and resolves missing data transmissions. For the remaining 20 percent of packets, gap reconciliation may be required, which adds to the overall transmission time. This additional latency is accounted for in the proposed performance threshold, which targets delivery of 90 percent of customer data within 45 minutes.

Mr. Walnock acknowledged that some customers, particularly those in rural or topographically complex areas requiring multiple network "hops," may regularly experience slower transmission times.[32] Nevertheless, the witness maintained that the system as a whole is

[30] Hr'g. Tr. at 165.
[31] *Id*. at 174-175.
[32] *Id*. at 177-178.

capable of meeting the 80 percent within 30 minutes benchmark, thereby supporting the broader 90 percent within 45 minutes performance target.

Commission staff continued asking questions about the Faster Outage Notification proposal. The witnesses testified that the proposed performance metric for faster outage notification is based on an expected 22-minute improvement in outage awareness due to the last gasp feature of advanced meters. This estimate is derived from data collected in Pennsylvania, where advanced metering infrastructure with last gasp capabilities was already in use. The data showed that, on average, last gasp signals reached the utility 22 minutes before the first customer call reporting the outage.

During the hearing, Commission staff questioned the witness about the precision of the 22-minute figure and whether it included any range or margin of error. Ms. Gill clarified that the 22-minute value was treated as a fixed average and that she had not independently review the Pennsylvania dataset to assess variability, calculate a standard deviation, or determine a confidence integral.[33] As a result, no formal error bars were established around the 22-minute estimate in the testimony.

Ms. Gill explained that to address the potential for natural variability, particularly due to the 20 percent of customers who typically do not report outages, she constructed a deadband around the 22-minute figure, ranging from 17.6 to 26.4 minutes. Ms. Gill explained that the lower bound of 17.6 minutes was calculated by assuming that the non-reporting 20 percent of customers would have called immediately, resulting in a downward adjustment to the average. The 4.4-minute

[33] *Id*. at 188-189.

difference was then added and subtracted from the 22-minute baseline to establish the bounds of the deadband.[34]

Finally, Company witnesses answered Commission questions about the customer satisfaction proposal. Ms. Gill confirmed that Rhode Island Energy did not implement the Commission-directed revisions to the existing customer contact performance standard. Specifically, the Company did not raise the minimum satisfaction threshold, increase the associated penalty, or narrow the deadband as directed.[35] Instead, the Company proposed a new, expanded customer satisfaction survey. The witness explained that the existing survey captures responses only from customers who voluntarily opt in after contacting the call center – a subset the Company contends is not representative of the broader customer base. Accordingly, the witness argued that this limited sampling is inadequate for evaluating the broader impacts of AMF deployment on overall customer satisfaction. [36]

Commission staff questioned whether the information and capabilities made through AMF would improve customer satisfaction, particularly among those contacting the call center. The Company's AMF investment case asserted that the new technology would enable the utility to detect outages before customers report them, provide real time access to usage, voltage, and alarm data, and allow call center representatives to offer immediate confirmation and diagnosis during customer calls. Mr. Walnock confirmed that these capabilities were core to the Company's justification for AMF.[37] Dr. Gill added that AMF fundamentally alters the customer experience and

[34] *Id*. at 42-13.
[35] *Id*. at 195-196.
[36] *Id*. at 196.
[37] *Id*. at 199.

that it is plausible such changes would influence both the types of calls received and the resulting customer satisfaction levels. [38]

Mr. Walnock acknowledged that the Company's investment case for AMF did not include benefits associated with improved system reliability, such as reduced frequency or duration of outages.[39] Dr. Gill further clarified that any improvements in perceived reliability might result from better voltage management rather than reductions in outage incidents.[40]

## V. Commission Decisions

At Open Meeting on August 1, 2024, the Commission considered the Company's proposed Meter Reading and Billing Service Quality Adjustment, and voted to adopt several modifications to the Company's proposed service quality adjustment for meter reading and billing in order to correct key design flaws and better reflect the full process of successful billing.

First, the Commission modified the proposed meter reading performance metric to ensure consistency between the measurement methodology and the data used to establish performance targets and thresholds. Specifically, the Commission required that performance be measured on a monthly basis, consistent with the monthly data the Company relied upon to set its targets.

Second, the Commission determined that the performance metric should include major event days, subject to the Company's ability to file for relief.

Third, the Commission noted that the Company's proposal only tracked the percentage of meters read. However, in written response to record requests, the Company explained that successful billing depends on three elements: 1) meters must be read; 2) the data must be validated;

[38] *Id*. at 198.
[39] *Id*. at 201-202.
[40] *Id*. at 202.

and 3) bills must be issued.[41] The Commission found it necessary to revise the performance metrics to reflect all three components.

To capture the first two elements – meter reading and data validation -the Commission directed the Company to report the number of bills issued based on estimated usage, thereby identifying cases where the Company failed to obtain and validate actual meter data. To address the third element which was whether validated bills are actually issued, the Commission established an additional service quality adjustment to measure the percentage of bills successfully issued out of the total number of bills scheduled to be issued each month.

The Commission also revised the Company's proposed penalty and offset structure. To strengthen accountability and reflect the importance of maintaining the capability to read meters and issue accurate bills, the Commission eliminated the proposed offset and adopted a more robust penalty. Specifically, the Commission established a maximum annual penalty of $672,000 for excessive reliance on estimated bills and $324,000 for failure to issue the appropriate number of bills each month. The combined maximum penalty for the meter reading and billing service quality adjustments is therefore set at $996,000 per year.

At a subsequent Open Meeting on October 30, 2024, the Commission considered the remaining four service quality adjustment proposals. The Commission modified the Company's proposed service quality adjustment for trouble non-outage calls to ensure consistency between the performance measurement and the data used to establish targets and thresholds. The Company had developed its performance targets based on monthly call volume data, but proposed to measure performance using an average annual monthly call volume. The Commission found this mismatch

[41] Rhode Island Energy Response to Record Request 1.

to be inappropriate and directed the Company to adopt a monthly performance measurement to align with the underlying data used in target development. In addition, the Commission eliminated the proposed offset associated with this metric to remain consistent with its prior order, which did not support the inclusion of offsets for this category of service quality.

Next, the Commission turned to the proposed Network Speed service quality adjustment. The Commission accepted the Company's proposed target that 90% of customers should experience an average network speed of 45 minutes or less. This target aligns with the Company's stated expectations for network performance and supports the timely delivery of usage data to customers and system operators.

The Commission rejected the Company's proposed deadband, finding that it did not impose a penalty structure proportionate to the significance of network speed in the Company's AMF investment case. Under the Company's proposal, penalties would not begin until performance dropped below 85 percent, and the maximum penalty would not be triggered unless performance fell to 65 percent. The Commission found this unacceptable, noting that if 35 percent of customers failed to receive timely data, the Company would be challenged to use interval data for operational purposes, a central justification for AMF investment. To further reinforce accountability, the Commission also eliminated the Company's proposed offset for this metric, consistent with the directive in the prior order.

The Commission modified the Company's proposed service quality adjustment for faster outage notification by narrowing the proposed deadband to one minute. Deadbands are typically derived from historical performance data to reflect natural variability. However, the Company's proposed deadband was not based on historical data; instead, it was constructed using internal assumptions. The Commission found their approach inconsistent with standard practices.

The Commission also revised the proposed penalty and offset structure to reflect both its original order and the Company's own value proposition for AMF. The Company testified that advanced meters with last gasp functionality would provide notification of customer outages an average of 22 minutes sooner than traditional methods. Although this earlier awareness does not directly reduce SAIDI or SAIFI (since those metrics begin measuring from the time the outage is known), the Company argued that customer outage experiences would improve because restoration could begin sooner, thus reducing total outage duration. The Company's investment case attributed significant value to this earlier notification. To reflect the importance of this benefit, the Commission adopted a maximum penalty of $600,000 for underperformance on this metric. The Commission also eliminated the proposed offset, finding that the Company had not demonstrated with confidence that the offset would deliver additional net value to ratepayers that could reliably be shared with the utility.

Finally, the Commission rejected the Company's customer service proposal on the grounds that it was inconsistent with the directives in the Commission's original order. That order required the Company to propose an updated customer contact standard that reflected its own expectations of improved customer satisfaction as a result of AMF deployment. Specifically, the Commission indicated that the updated metric should include, but not be limited to, an increase in the minimum satisfaction threshold, a higher penalty value, and a narrower deadband.

In its AMF proposal, the Company asserted that AMF would lead to a variety of improvements in customer satisfaction, including enhanced customer service capabilities, greater visibility into usage data, proactive outage notifications, remote connect and disconnect functionality, and a reduction in customer inquiries. Despite these claims, the Company's proposed changes to the customer satisfaction metric did not align with the dimensions of customer

experience on which the AMF value proposition was based. Notably, the additional of new survey questions focused on reliability failed to address the specific customer service enhancements that were core to the Company's case for AMF.

Finally, the Commission did not adopt a one percent cap on total penalties. The new service quality adjustments are in addition to those already in place and the Commission does not intend to dilute the value of those already in place nor those being set in accordance with this decision.

Accordingly, the Commission directed the Company to revise the existing customer satisfaction service quality adjustment by increasing the minimum satisfaction threshold. This revision is to be implemented by shifting the existing thresholds upwards; for example, imposing the maximum penalty at 78.7 percent customer satisfaction instead of the previous 74.4 percent threshold. This better aligns the service quality adjustment with the Company's projected improvements in customer experience.

Accordingly, it is hereby:

(25396) ORDERED:

1. The Company shall submit a compliance filing with a penalty-only performance measurement that reflects the monthly percent of bills based on estimated usage. The maximum monthly penalty is $34,000 and will be assessed at a threshold of 17.6% of bills based on estimated usage, decreasing linearly to zero at 1.6%. The Company may present historical data to the Commission for its consideration about whether these thresholds should be adjusted. Performance will include major event days subject to the company's ability to file for relief.
2. The Company shall submit a compliance filing with a penalty-only performance measurement that reflects bills successfully issued as a percent of the total number of bills that should be issued each month. The maximum monthly penalty is $16,000 and will be assessed at a threshold of 90% of bills issued, decreasing linearly to zero at 100%. The Company may present historical data to the Commission for its consideration about whether these thresholds should be adjusted. Performance will include major event days subject to the company's ability to file for relief.

3. The Company shall continue to report its annual meter reading performance as the annual average of monthly percentage of meters read and the percentage of meters read per month.

4. The Company is required to develop a new report of the number of bills issued each month that were not correctly calculated.

5. The Company shall submit a compliance filing with the following modifications to its trouble non-outage service quality mechanism. The performance measurement will be assessed monthly. The maximum monthly penalty is $16,700 and will be assessed at a threshold of more than 81.52 calls per month, decreasing linearly to zero at 57.19 calls per month.

6. The Company shall submit a compliance filing that makes the following modifications to its faster outage notification service quality proposal. A maximum penalty of $600,000 will be assessed when the average notification is 0 minutes faster than the baseline and decrease linearly to $0 at 22 minutes.

7. The Company shall submit a compliance filing with the following modifications to its network speed service quality mechanism proposal. A maximum penalty of $200,000 will be assessed at performance equal to or less than 80% of customers and decrease linearly to 90% of customers.

8. The proposed changes to the Company's customer service quality mechanism are rejected. This does not limit the Company's ability to add new questions, but those questions shall not be used to measure its performance.

9. The Company shall submit a compliance filing that adopts the following modifications to the company's existing customer satisfaction service quality mechanism, which includes only the two existing questions: A maximum penalty of $200,000 will be assessed when fewer than 78.7% of customers are satisfied and decrease linearly to 87.6% of customers satisfied. Offsets will be assessed at 92% of customers satisfied and increase linearly to a maximum offset of $48,000 at 96.6% of customers satisfied.

10. The Company's proposal to limit the total annual service quality penalty to one percent of revenues was not adopted.

EFFECTIVE AT WARWICK, RHODE ISLAND PURSUANT TO OPEN MEETING DECISIONS ON AUGUST 1, 2024 AND OCTOBER 30, 2024. WRITTEN ORDER ISSUED JUNE 20, 2025.

PUBLIC UTILITIES COMMISSION


Ronald T. Gerwatowski, Chairman

Abigail Anthony, Commissioner

*John C. Revens, Jr., Commissioner

*Commissioner Revens concurred with the decision but is unavailable for signature due to his retirement.

**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.