

Andrew S. Marcaccio, Counsel
PPL Services Corporation
AMarcaccio@pplweb.com

280 Melrose Street
Providence, RI 02907
Phone 401-784-4263



September 23, 2025

VIA ELECTRONIC MAIL AND HAND DELIVERY

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

**RE: Docket No. 23-48-EL - FY 2025 Electric Infrastructure, Safety, and Reliability Plan
Reconciliation Filing
Responses to PUC Data Requests – Set 3**

Dear Ms. De La Rosa:

On behalf of The Narragansett Electric Company d/b/a Rhode Island Energy (the “Company”), attached please find the Company’s response to the Third Set of Data Requests issued by the Public Utilities Commission in the above-referenced matter.

Thank you for your attention to this filing. If you have any questions, please 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

The Narragansett Electric Company
d/b/a Rhode Island Energy
RIPUC Docket No. 23-48-EL

In Re: FY 2025 Electric Infrastructure, Safety and Reliability Plan
Reconciliation Filing
Responses to the Commission’s Third Set of Data Requests
Issued on September 17, 2025

PUC 3-1

Request:

Referring to the response to DIV 1-12:

- a. Root Cause 1. The response states, in part “...there was a change in inventory management philosophy to start tracking all materials located at Rhode Island Energy Service Centers.” and “During this process, as part of the accounting, the “NEC Suspense” account was credited and the “transformer blanket” account was debited...”
 - i. Prior to the change in inventory management philosophy, what was the rationale and what were the criteria for recording inventory to the suspense account?
 - ii. Prior to the change in inventory management philosophy, what needed to occur in order for inventory to be removed from the suspense account?
 - iii. Why does the company believe the new inventory management philosophy is appropriate?

- b. Root Cause 3. The response states in, in part “While doing a review of stores clearing, the Company’s accounting team identified that the stores clearing rate of 16 percent that was being used from April through November was too low. An adjustment was made to increase the stores clearing rate to 30 percent...”
 - i. Please explain the concept of “stores clearing rate” including how it is determined, how often it is reviewed/updated and how it affects inventory levels and rate base.
 - ii. Please explain how the company determines transformer inventory values.

Response:

a-i. The NEC Suspense account was set up as a financial means for the transfer of inventory from National Grid to Rhode Island Energy. This account was not used on a day-to-day transactional basis. It was mistakenly used while doing an upload of material that was already on the transformer blanket.

The Company’s previous inventory management philosophy under National Grid was to consider all materials at the Service Centers “PAR,” meaning that the inventory wasn’t tracked on an item-by-item basis. When materials were used and the job completed, an as-built document was created. The as-built was then used to issue/charge materials to the job.

The Narragansett Electric Company
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PUC 3-1, page 2

a-ii. Please refer to the response for question a-i.

a-iii. The Company's new inventory management philosophy systematically tracks certain materials at the Service Centers. This allows for better inventory control practices to ensure that Rhode Island Energy is not over-purchasing material and promotes incurring costs closer to the time when the inventory is truly needed. This methodology also allows Rhode Island Energy to accurately charge materials to jobs on which the materials are used before the job starts.

b-i. The stores handling rate, also known as stores clearing rate, relates to FERC account 163. This account includes internal and external costs associated with housing and managing inventory. It also includes costs for materials not charged directly to capital projects. All costs in the 163 account are cleared by applying an overhead rate (stores handling) to materials that are charged/issued to projects.

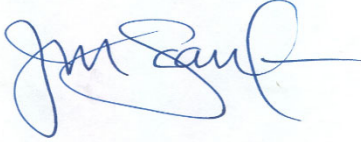
April to November of 2024 was a transition period in terms of transferring inventory from National Grid, which included the use of inventory management systems that were new to Rhode Island Energy. Stores handling rates were not adjusted during that time period. The current process is to monitor the 163 account balance on a monthly basis to determine if the rate should be adjusted. Stores handling does not affect inventory levels. Costs that have not cleared from account 163 are included in rate base for base rates and annual earnings sharing filings. As stores handling rates are cleared to capital projects they will be included in rate base to the extent those projects are in-service.

b-ii. There are two main components that go into the valuation on the transformer blanket. The first is purchase price of the units. This is a negotiated rate between PPL and manufacturers of transformers. The second is the stores handling rate. This is the overhead cost of storing, handling, and transporting the transformers.

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

September 23, 2025
Date

**Docket No. 23-48-EL – RI Energy’s Electric ISR Plan FY 2025
Service List as of 8/21/2025**

Name/Address	E-mail Distribution	Phone
The Narragansett Electric Company d/b/a Rhode Island Energy Andrew Marcaccio, Esq. 280 Melrose St. Providence, RI 02907 Adam S. Ramos, Esq. Hinckley Allen 100 Westminster Street, Suite 1500 Providence, RI 02903-2319	AMarcaccio@pplweb.com;	401-784-4263
	COBrien@pplweb.com;	
	JScanlon@pplweb.com;	
	ARamos@hinckleyallen.com;	
	AGiron@hinckleyallen.com;	
	SBriggs@pplweb.com;	
	NABegnal@RIEnergy.com;	
	PLaFond@RIEnergy.com;	
	NKocon@RIEnergy.com;	
	SMToronto@RIEnergy.com;	
	ATLaBarre@RIEnergy.com;	
	RConstable@RIEnergy.com;	
	EJWiesner@RIEnergy.com;	
	KRCastro@RIEnergy.com;	
	CJRooney@RIEnergy.com;	
JOliveira@pplweb.com;		
TGShields@pplweb.com;		
NHawk@pplweb.com;		
Division of Public Utilities (Division)	Christy.hetherington@dpuc.ri.gov;	
	Margaret.L.Hogan@dpuc.ri.gov;	
	Kyle.J.Lynch@dpuc.ri.gov;	
	gregory.schultz@dpuc.ri.gov;	

	Mark.A.Simpkins@dpuc.ri.gov ;	
	Leo.Wold@dpuc.ri.gov ;	
	john.r.harrington@dpuc.ri.gov ;	
	nicole.m.corbin@dpuc.ri.gov ;	
	Ellen.golde@dpuc.ri.gov ;	
	John.bell@dpuc.ri.gov ;	
	Al.contente@dpuc.ri.gov ;	
	Robert.Bailey@dpuc.ri.gov ;	
David Effron Berkshire Consulting 12 Pond Path North Hampton, NH 03862-2243	Djeffron@aol.com ;	603-964-6526
Gregory L. Booth, PLLC 14460 Falls of Neuse Rd. Suite 149-110 Raleigh, N. C. 27614	gboothpe@gmail.com ;	919-441-6440
Linda Kushner L. Kushner Consulting, LLC 514 Daniels St. #254 Raleigh, NC 27605	Lkushner33@gmail.com ;	919-810-1616
Office of Energy Resources Adam fague, Esq.	adam.fague@doa.ri.gov ;	
	nancy.russolino@doa.ri.gov ;	
	Christopher.Kearns@energy.ri.gov ;	
	Shauna.Beland@energy.ri.gov ;	
	William.Owen@energy.ri.gov ;	
Office of Attorney General Nick Vaz, Esq. 150 South Main St. Providence, RI 02903	nvaz@riag.ri.gov ;	401-274-4400 x 2297
	mbedell@riag.ri.gov ;	
Conservation Law Foundation (CLF) James Rhodes, Esq. Conservation Law Foundation 235 Promenade Street Suite 560, Mailbox 28 Providence, RI 02908	jrhodes@clf.org ;	401-225-3441
File an original & 9 copies w/ PUC: Stephanie De La Rosa, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	stephanie.delarosa@puc.ri.gov ;	401-780-2107
	Cynthia.WilsonFrias@puc.ri.gov ;	
	Todd.bianco@puc.ri.gov ;	
	Alan.nault@puc.ri.gov ;	
	Kristen.L.Masse@puc.ri.gov ;	
Matt Sullivan, Green Development LLC	ms@green-ri.com ;	
Emily Koo, Director, Acadia Center	EKoo@acadiacenter.org ;	