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Also admitted in Massachusetts

October 10, 2025

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. 25-22-NG – The Narragansett Electric Company d/b/a Rhode Island Energy
2025 Distribution Adjustment Charge and 2025 Gas Cost Recovery Filings
Pre-Filed Rebuttal Testimony of James M. Stephens**

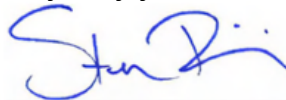
Dear Ms. De La Rosa:

On behalf of The Narragansett Electric Company d/b/a Rhode Island Energy (the “Company”), I have enclosed the Pre-Filed Rebuttal Testimony of James M. Stephens in the above-referenced docket.

Please note that Mr. Stephens’ rebuttal testimony contains commercially sensitive confidential information. Therefore, the Company has provided redacted and confidential versions of this testimony and has requested confidential treatment pursuant to R.I. Gen. Laws § 38-2-2(4)(B) and Rule 810-RICR-00-00-1.3(H) of the PUC’s Rules of Practice and Procedure. The Company has also provided the confidential version of Mr. Stephens’ testimony to the Rhode Island Division of Public Utilities and Carriers pursuant to a non-disclosure agreement.

Thank you for your attention to this matter. If you have any questions, please contact me at 401-709-3359.

Very truly yours,



Steven J. Boyajian

cc: Docket 25-22-NG Service List

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate were 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.



Heidi J. Seddon

October 10, 2025

Date

**Docket No. 25-22-NG – Narragansett Electric Co. d/b/a Rhode Island Energy
2025 Gas Cost Recovery Filing (GCR) and 2025 Distribution Adjustment Clause (DAC)
Service List as of 8/21/2025**

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**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

THE NARRAGANSETT ELECTRIC	)	
COMPANY d/b/a RHODE ISLAND ENERGY	)	DOCKET NO. 25-22-NG
2025 DISTRIBUTION ADJUSTMENT CHARGE AND	)	
2025 GAS COST RECOVERY FILING	)	

**MOTION OF THE NARRAGANSETT ELECTRIC COMPANY
FOR PROTECTIVE TREATMENT OF CONFIDENTIAL INFORMATION**

Rhode Island Energy¹ hereby respectfully requests that the Public Utilities Commission (“Commission”) grant protection from public disclosure for certain confidential gas pricing information contained in the Pre-Filed Rebuttal Testimony of James M. Stephens. Specifically, the Company seeks protective treatment for identified variable costs of meeting peak day demand that are contained in Mr. Stephens’ testimony (the “Confidential Material”). The reasons for the protective treatment are set forth herein. The Company also requests that, pending entry of that finding, the Commission preliminarily grant the Company’s request for confidential treatment pursuant to 810-RICR-00-00-1.3(H)(2).

The Company seeks protective treatment for the Confidential Material because its consists of commercially sensitive gas pricing information the disclosure of which would be detrimental to the commercial interests of the Company or the commercial interests of the Company’s counterparties.

¹ The Narragansett Electric Company d/b/a Rhode Island Energy (“Rhode Island Energy” or the “Company”).

I. LEGAL STANDARD

Rhode Island's Access to Public Records Act ("APRA"), R.I.G.L. §38-2-1 *et. seq.*, sets forth the parameters for public access to documents in the possession of state and local government agencies. Under APRA, all documents and materials submitted in connection with the transaction of official business by an agency are deemed to be a "public record," unless the information contained in such documents and materials falls within one of the exceptions specifically identified in R.I.G.L. §38-2-2(4). Therefore, to the extent that information provided to the Commission falls within one of the designated exceptions to APRA, the Commission has the authority under the terms of APRA to deem such information to be confidential and to protect that information from public disclosure.

In that regard, R.I. Gen. Laws § 38-2-2(4)(B) provides that the following types of records shall not be deemed public:

Trade secrets and commercial or financial information obtained from a person, firm, or corporation which is of a privileged or confidential nature.

The Rhode Island Supreme Court has held that this confidential information exemption applies where the disclosure of information would be likely either (1) to impair the government's ability to obtain necessary information in the future; or (2) to cause substantial harm to the competitive position of the person from whom the information was obtained. *Providence Journal Company v. Convention Center Authority*, 774 A.2d 40 (R.I. 2001). The first prong of the test is satisfied when information is provided to the governmental agency and that information is of a kind that would customarily not be released to the public by the person from whom it was obtained. *Providence Journal*, 774 A.2d at 47.

The Rhode Island Supreme Court has also noted that the agencies making determinations as to the disclosure of information under APRA may apply a balancing test. *See Providence Journal v. Kane*, 577 A.2d 661 (R.I. 1990). Under this balancing test, after a record has been determined to be public, the Commission may protect information from public disclosure if the benefit of such protection outweighs the public interest inherent in disclosure of information pending before regulatory agencies. *Kane*, 557 A.2d at 663 (“Any balancing of interests arises only after a record has first been determined to be a public record.”).

II. BASIS FOR CONFIDENTIALITY

The Confidential Material included in Mr. Stephens’ rebuttal testimony consists of commercially sensitive gas pricing information that the Company maintains as confidential for a number of reasons. First, if the Company were to disclose the prices or other terms that it has agreed to with gas suppliers then the Company’s ability to negotiate more advantageous terms in the future would be hampered since market participants would be informed of what the Company has been willing to agree to in the past. Similarly, if the Company were to publicly disclose advantageous pricing or commercial terms that it had obtained through negotiation, counterparties would hesitate to offer the Company advantageous terms in the future since disclosure of those terms would hamper counterparties’ ability to negotiate with other customers. For these reasons, the Confidential Material is not of a kind that would customarily be released to the public by the Company. Therefore, the first prong of the *Providence Journal* test has been satisfied. *See Providence Journal*, 774 A.2d at 47.

III. CONCLUSION

For the foregoing reasons, the Company respectfully requests that the Commission grant this motion for protective treatment of the Confidential Material contained in the Pre-Filed Rebuttal Testimony of James M. Stephens dated October 10, 2025.

Respectfully submitted,

**THE NARRAGANSETT ELECTRIC
COMPANY d/b/a RHODE ISLAND
ENERGY**

By its attorney,

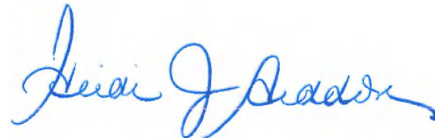


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Dated: October 10, 2025

CERTIFICATE OF SERVICE

I hereby certify that on October 10, 2025, I delivered a true copy of the foregoing Motion via electronic mail to the parties on the Service List for Docket No. 25-22-NG.



Heidi J. Seddon

REDACTED

**THE NARRAGANSETT ELECTRIC COMPANY
d/b/a RHODE ISLAND ENERGY
RIPUC DOCKET NO. 25-22-NG
2025 GAS COST RECOVERY FILING
WITNESS: STEPHENS
OCTOBER 10, 2025**

PRE-FILED REBUTTAL TESTIMONY

OF

JAMES M. STEPHENS

OCTOBER 10, 2025

REDACTED

THE NARRAGANSETT ELECTRIC COMPANY
d/b/a RHODE ISLAND ENERGY
RIPUC DOCKET NO. 25-22-NG
2025 GAS COST RECOVERY FILING
WITNESS: STEPHENS
OCTOBER 10, 2025

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1 **I. Introduction**

2 **Q. Please state your name and business address.**

3 A. My name is James M. Stephens. My business address is 1595 Mendon Road,
4 Cumberland, Rhode Island 02864.

6 **Q. By whom are you employed and in what capacity?**

7 A. I am the Director of Gas Procurement and Gas Control for The Narragansett Electric
8 Company d/b/a Rhode Island Energy (“Rhode Island Energy” or the “Company”).

10 **Q. Have you previously submitted pre-filed testimony in this proceeding?**

11 A. Yes. On August 28, 2025, I submitted pre-filed direct testimony concerning the
12 Company’s gas supply plan for the twelve-month period beginning November 1, 2025,
13 and concerning the Company’s Natural Gas Portfolio Management Plan (“NGPMP”).

15 **II. Purpose and Structure of Rebuttal Testimony**

16 **Q. What is the purpose of your rebuttal testimony?**

17 A. The purpose of my rebuttal testimony is to respond to the observations and
18 recommendations provided in the direct testimony of Jerome D. Mierzwa on behalf of the
19 Division of Public Utilities and Carriers (“Division”) regarding: (i) the allocation of
20 variable peak hour costs incurred during the winter of 2024/25 between the Gas Cost
21 Recovery (“GCR”) and the Distribution Adjustment Charge (“DAC”); and (ii) the cash

1 out provisions from the Rhode Island Energy gas tariff, RIPUC RIE-GAS No. 101 (“Gas
2 Tariff”), currently utilized by the Company to address the monthly imbalances of firm
3 transportation (“FT”) service customers.
4

5 **Q. How is your rebuttal testimony structured?**

6 A. Section I provides an introduction. Section II explains the purpose and structure of my
7 rebuttal testimony. Section III provides my response to Mr. Mierzwa’s observations and
8 recommendation regarding the Company’s allocation of certain variable peak hour costs
9 between the GCR and the DAC. Section IV provides my response to Mr. Mierzwa’s
10 observations and recommendation regarding the Gas Tariff cash out provisions currently
11 utilized by the Company to address the monthly imbalances of transportation service
12 customers. Section V is the conclusion.
13

14 **III. Design Peak Hour Costs**

15 **Q. Please summarize Mr. Mierzwa’s observations and recommendation regarding the**
16 **Company’s allocation of certain design peak hour costs between the GCR and the**
17 **DAC.**

18 A. As discussed on pages 9 through 14 of his pre-filed direct testimony dated October 1,
19 2025, Mr. Mierzwa observed that the Company incurred certain variable costs to meet
20 peak hour demands during the winter of 2024/25, but the Company did not quantify those
21 costs in the Company’s response to Division 4-32 and in the DAC corrections and

1 revisions filed on September 16, 2025. Mr. Mierzwa also observed that the Company
2 made the determination that those variable peak hour costs incurred during the winter of
3 2024/25 were not significant enough to be allocated from the GCR to the DAC. Based
4 on his observations, Mr. Mierzwa recommended Rhode Island Energy, in its rebuttal
5 testimony, “quantify the incremental variable costs it incurred to meet peak hourly
6 demands during the winter of 2024-2025, and state its position on whether it considers
7 the costs significant and the reasons why.”¹

8
9 **Q. Please identify the assets used to meet peak hour requirements during the winter of**
10 **2024/25.**

11 A. Because of the weather experienced during the winter of 2024/25, the Company
12 dispatched certain of the hourly peaking assets to specifically meet hourly distribution
13 system needs. As discussed in the Company’s response to Division 4-24 and Division 4-
14 32, the Company utilized, on certain hours, portable LNG at Cumberland and Portsmouth
15 to meet operational requirements (i.e., peak hourly demand).²

¹ Direct Testimony of Jerome D. Mierzwa, p. 14.

² The utilization of all assets reserved to meet peak hour requirements for winter 2024/25 was provided in the Company’s response to Division 4-24. In each instance, the resources were dispatched in a least cost manner to meet forecasted demand.

Q. To what extent were the portable LNG assets used to meet peak hourly demands during the 2024/25 winter?

A. The portable LNG assets were dispatched on certain cold days in January, February, and March 2025 to specifically meet hourly distribution system needs as detailed in Table 1 below.

Table 1: Portable LNG Utilization for Winter 2024/25 Peak Hourly Demands

	(a)	(b)	(c)	(d)	(e)
(1)	Gas Day	Avg. Heating Degree Day	Avg. Effective Degree Day	Cumberland Vapor (Dth)	Portsmouth Vapor (Dth)
(2)	1/21/2025	50	54	359	0
(3)	1/22/2025	50	51	1,893	0
(4)	2/1/2025	44	49	0	1,328
(5)	2/17/2025	42	50	820	1,931
(6)	2/18/2025	44	51	1,872	2,850
(7)	3/2/2025	44	49	0	1,200
(8)	Total	-	-	4,944	7,309

As shown in Table 1 above, total vaporization for peak hourly demand requirements during the 2024/25 winter was 4,944 Dth at the Cumberland LNG site and 7,309 Dth at the Portsmouth LNG site, for a combined total of 12,253 Dth.

Q. Please quantify the variable costs associated with the utilization of the portable LNG assets for peak hourly demands during the 2024/25 winter.

A. The monthly LNG withdrawal prices, which were provided in the Company's response to Division 4-7, and the associated variable costs for the utilization of the portable LNG assets are provided in Table 2 below.

Table 2: Portable LNG Variable Costs for Winter 2024/25 Peak Hourly Demands

	(a)	(b)	(c)	(d)
(1)	Month	LNG Withdrawal Price (\$/Dth)	Portable LNG Vapor (Dth)	Portable LNG Variable Costs (\$)
(2)	Jan-2025		2,252	
(3)	Feb-2025		8,801	
(4)	Mar-2025		1,200	
(5)	Total	-	12,253	

As summarized in Table 2 above, the total variable costs associated with the utilization of portable LNG assets to meet peak hourly demands during the winter of 2024/25 were approximately .

Q. What is the Company's position with respect to the allocation of the variable peak hour costs incurred during the winter of 2024/25 between the GCR and the DAC.

A. As shown in Table 1 above, there was limited utilization of the portable LNG assets for peak hourly demands during the 2024/25 winter. In addition, the variable costs associated with the utilization of portable LNG assets to meet peak hourly demands

during the winter of 2024/25 of approximately [REDACTED] represents [REDACTED] of the total variable gas costs of approximately \$113 million for the 2024/25 gas year.³ Thus, as discussed in the Pre-Filed Direct Testimony of Company Witness Kim Dao, the Company is not proposing to include any variable costs associated with the 2024/25 peak hour resources in the 2024/25 DAC reconciliation because the Company determined that the variable costs associated with those supplies dispatched during the winter of 2024/25 specifically to meet the peak hour requirements were not significant.

IV. Transportation Service Imbalance Cash Out Provisions

Q. Please summarize Mr. Mierzwa's observations and recommendation regarding the Gas Tariff cash out provisions currently utilized by Rhode Island Energy to address the monthly imbalances of transportation service customers.

A. As discussed on pages 16 through 20 of his pre-filed direct testimony dated October 1, 2025, Mr. Mierzwa observed that marketers serving transportation service customers over-delivered gas supplies during the 2024/25 heating season. He also stated that these over-deliveries were cashed out to marketers under the Company's current Gas Tariff provisions and purchased by the Company at the identified index rates. Lastly, Mr. Mierzwa observed that the Company's GCR customers incurred higher costs through these purchases, and those costs could have been mitigated if the Company purchased

³ Total variable gas costs of \$113 million is based on ten months of actual data for November 2024 through August 2025 and two months of projected data for September through October 2025. See, the Monthly Report of GCR Deferred Balances, dated September 19, 2025, in Docket No. 24-29-NG.

these marketer over-deliveries from other gas supply sources. Specifically, Mr. Mierzwa estimates the current Gas Tariff cash out provisions increased the gas costs of GCR customers by approximately \$2.7 million during the 2024/25 heating season.⁴ Based on his observations, Mr. Mierzwa recommended the Rhode Island Public Utilities Commission (the “Commission”) require Rhode Island Energy to revise its current Gas Tariff cash out provisions to eliminate the unreasonable impact of the current cashout provisions on GCR customers.⁵

Q. Are the cash out provisions for managing the volumetric imbalances associated with transportation service customers codified in the Company’s Gas Tariff?

A. Yes. Rhode Island Energy’s Gas Tariff provides a comprehensive set of terms and conditions regarding transportation service, including cash out calculations for marketers’ imbalances.

Q. Were the cash out provisions as outlined in the Gas Tariff utilized to calculate the cash outs associated with marketers’ imbalance volumes?

A. Yes. The Company used the daily and monthly cash out procedures as detailed in the Gas Tariff to address marketers’ imbalance volumes.

⁴ Direct Testimony of Jerome D. Mierzwa, p. 19.

⁵ Direct Testimony of Jerome D. Mierzwa, p. 7 and 20.

1 **Q. Please summarize the current Gas Tariff provisions utilized by Rhode Island**

2 **Energy to balance gas deliveries by marketers for transportation service customers.**

3 A. Based on the Company's current Gas Tariff, marketers are subject to both daily and
4 monthly balancing provisions associated with the total quantity of gas delivered to the
5 Company for FT-1 (daily metered) and FT-2 (monthly metered) transportation service
6 customers, with different cash out processes for resolving daily and monthly imbalances.
7 As detailed in Section 6, Schedule C, Sheets 8-9, Item 1.06.0 of the Company's Gas
8 Tariff, in general, marketers are required to deliver a minimum of forty percent of the
9 total daily requirements on each of the upstream pipelines (i.e., Algonquin Gas
10 Transmission, LLC ("AGT") and Tennessee Gas Pipeline Company, L.L.C. ("TGP")),
11 and the remaining twenty percent may be delivered on either or both AGT or TGP. The
12 daily imbalances between the quantity of gas delivered to the Company by marketers to
13 serve transportation customers and the actual usage by transportation customers are
14 aggregated across AGT and TGP.

15
16 For FT-1 transportation service customers, the Gas Tariff provisions for balancing the
17 aggregate daily deliveries to the Company and daily usage are described in Section 6,
18 Schedule C, Sheet 15, Item 2.03.1 of the Company's Gas Tariff. Specifically, for FT-1
19 service, marketers are subject to daily balancing tolerances and associated cash out
20 penalties based on the season (i.e., off-peak vs. peak) and/or Company-declared
21 operational flow orders ("OFOs") or Critical Days. The daily FT-1 imbalances are then

1 accumulated within each month, and the total aggregated monthly imbalances are
2 resolved through the tiered monthly cash out process, which was appropriately described
3 by Mr. Mierzwa on page 17 of his pre-filed direct testimony.

4
5 For FT-2 transportation service customers, the Gas Tariff provisions for balancing the
6 aggregate daily deliveries to the Company and daily usage are discussed in Section 6,
7 Schedule C, Sheets 22-23, Items 3.03.2 and 3.03.3 of the Company's Gas Tariff.
8 Specifically, for FT-2 service, marketers are subject to a daily cash out process associated
9 with: (i) daily over- and under-deliveries at the average daily index rate based on
10 Company-declared OFOs or Critical Day conditions; and (ii) daily true-ups of the
11 forecasted daily use ("FDU") at the average daily index rate based on the difference
12 between forecasted and actual degree days. Then each month, the aggregated FT-2
13 imbalances between FDU and actual daily usage ("ADU") are resolved through the
14 monthly cash out process, which was appropriately described by Mr. Mierzwa on page 17
15 of his pre-filed direct testimony.

16
17 **Q. Please discuss Mr. Mierzwa's estimation of cash out value to marketers for the FT-1**
18 **and FT-2 transportation service monthly imbalances for the 2024/25 winter.**

19 A. On page 19 of his pre-filed direct testimony, Mr. Mierzwa estimates the current
20 imbalance cash out provisions increased the gas costs of GCR customer by approximately
21 \$2.7 million. To arrive at his estimation, Mr. Mierzwa assumed that the combined FT-1

and FT-2 monthly imbalances from December 2024 to March 2025 (shown in Table 3 below) were cashed out at the monthly index rate provided in the Company's response to Division 4-13, and compared his calculated cash out value to the average price paid for other gas supplies purchased by the Company for GCR customers of \$4.00/Dth.

Table 3: Summary of FT-1 and FT-2 Monthly Imbalances⁶

	(a)	(b)	(c)	(d)
(1)	Month	FT-1 Imbalance (Dth)	FT-2 Imbalance (Dth)	Total Imbalance (Dth)
(2)	Dec-2024	77,311.1	32,348.6	109,659.8
(3)	Jan-2025	83,357.5	2,917.0	86,274.4
(4)	Feb-2025	74,871.6	16,537.2	91,408.9
(5)	Mar-2025	12,729.3	28,063.2	40,792.6

For example, Mr. Mierzwa calculated a cash out value of \$1.47 million based on the combined FT-1 and FT-2 monthly imbalance for January 2025 of 86,274.4 Dth multiplied by the monthly index rate of \$17.08/Dth, and compared this cash out value to the cost of purchasing the over-deliveries of 86,274.4 Dth at an average gas cost of \$4.00/Dth (i.e., \$0.34 million), which he estimated to be a cost increase of \$1.13 million (i.e., \$1.47 million minus \$0.34 million) to GCR customers for the month of January. As explained in greater detail below, Mr. Mierzwa's estimation of the cash out value for FT-1 and FT-2 imbalances and associated impact to GCR customers is not fully reflective of

⁶ Note, a positive imbalance value in Table 3 reflects over-deliveries by marketers (i.e., the quantity of gas delivered to the Company by the marketers to serve transportation customers exceeded the quantity of gas used by the transportation customers).

the current Gas Tariff cash out provisions (e.g., tiered imbalance cash out schedule for FT-1 service) and does not account for the various processes used by the Company for managing aggregated imbalances for all customers.

Q. Please explain in detail the Company's current transportation service imbalance cash out process and resulting cash out value to marketers for the 2024/25 winter.

A. For ease of review, the Company has focused on the January 2025 cash out activities. Specifically, in January 2025, a system-wide OFO aggravated by under-deliveries on the Rhode Island Energy system was issued for all gas days within the month (except for January 1, 2025). In other words, during that time period, marketers were required to deliver volumes to the Company equal to or in excess of each gas day's usage for FT-1 and FT-2 customers; otherwise, the marketers would be subject to daily penalties for under-deliveries. For FT-1 transportation customers, the aggregated FT-1 monthly imbalances (i.e., over-deliveries of 83,357.5 Dth in January 2025) were cashed out to FT-1 marketers using the imbalance tier schedule, per the Gas Tariff, and the associated calculated average index rate (i.e., \$17.08/Dth for over-deliveries within 5 percent, and 0.85 times \$17.08/Dth for over-delivered volumes between 5 percent and 10 percent), which resulted in a cash out to marketers of approximately \$1.36 million.⁷ For FT-2 transportation service customers, the aggregated FT-2 imbalance in January 2025 was

⁷ See also, the Company's responses to Division 4-13 and Division 6-1.

1 positive (i.e., over-deliveries of 2,917 Dth), and the cash out process associated with the
2 aggregated FT-2 monthly imbalances between FDU and ADU resulted in a cash out to
3 marketers of approximately \$50,000. Combined, the imbalances associated with FT-1
4 and FT-2 transportation customers resulted in a total cash out of approximately \$1.41
5 million to marketers in January 2025, which is slightly lower than Mr. Mierzwa's
6 estimate for January 2025 due to the tiered imbalance cash out schedule for FT-1 service.
7

8 **Q. Are the cash out values to marketers for monthly transportation service imbalances**
9 **over the 2024/25 winter reflected in Schedule TGS-2?**

10 A. Yes. The cash out values to marketers associated with daily and monthly imbalances are
11 included in Schedule TGS-2, page 4, line 77. However, the monthly values (e.g., the
12 \$1.41 million for January 2025) cannot be compared to TGS-2 because the values in
13 TGS-2 will also include: (i) prior period adjustments ("PPAs") for accounting
14 adjustments, such as meter read adjustments and/or true-ups for differences between
15 actual and estimated usage; and (ii) timing differences of actual payments to marketers
16 (i.e., the cash out value in Schedule TGS-2 do not correspond to the respective monthly
17 imbalance). Stated differently, the total cash out value of approximately \$1.41 million to
18 marketers in January 2025 does not correspond to the January 2025 value shown in
19 Schedule TGS-2, page 4, line 77.
20

Q. Please discuss how the imbalances and associated cash out process for marketers are managed in conjunction with the Company’s gas supply purchases for GCR customers.

A. The marketers’ imbalance is a component of the Company’s imbalances with the upstream pipelines (i.e., AGT and TGP), which are managed on an aggregated basis across both pipelines by the Company. Stated differently, the Company manages daily and monthly system imbalances (i.e., total quantities of gas delivered to the Company’s AGT and TGP city-gates relative to total actual usage by all customers) on an aggregated basis, which includes marketers’ volumes. The aggregated imbalance volume is generally managed by the Company using three approaches:

- On AGT, Rhode Island Energy is subject to the daily and monthly imbalance management services defined in AGT’s tariff. Specifically, the Company is required to meet the daily balancing tolerances associated with AGT’s system operating conditions (e.g., AGT-issued OFOs). These daily AGT imbalances are then accumulated within each month, and the total monthly AGT imbalances are resolved through the Company’s Operational Balancing Agreement (“OBA”) with AGT. The Company’s monthly OBA imbalance with AGT is cashed out based on AGT’s tiered imbalance schedule and an average AGT-based index rate.⁸

⁸ As defined in the AGT tariff, the AGT index price is “determined by calculating the arithmetic average of Platts Gas Daily, “Daily Price Survey” postings for each of the High Common, Low Common and Midpoint prices for “Algonquin, city-gates” by using each day of the relevant Month and the first seven days of the subsequent Month.” The use of the high common, low common, and/or midpoint price is based on a tiered imbalance schedule of under-deliveries or over-deliveries on AGT.

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- 1 • On TGP, the Company is subject to the balancing provisions for storage swing
2 service defined in TGP’s tariff under Rate Schedule Firm Storage Market Area
3 (“FS-MA”)⁹ associated with the Company’s firm storage contract FS-MA #501.
4 Specifically, the Company is required to comply with TGP’s system operating
5 conditions (e.g., TGP-issued OFOs) and use the storage swing service option to
6 manage daily imbalances. The storage swing service is designed to allow a daily
7 imbalance tolerance that is equal to the maximum daily withdrawal quantity (i.e.,
8 10,920 Dth/day) and is treated as an automatic storage injection (for over-
9 deliveries) or withdrawal (for under-deliveries) under the FS-MA #501 contract.
10 Thus, Rhode Island Energy avoids imbalance charges and/or penalties on TGP by
11 managing imbalances on a volumetric basis leveraging the TGP storage swing
12 service.
- 13 • Third, the Company manages the aggregated daily imbalances through its
14 NGPMP optimization activities. Specifically, the Company uses its gas supply
15 resource portfolio to first purchase gas supplies to economically and reliably serve
16 customers. Then, the Company makes additional purchases and sales that
17 generate revenue by extracting value from any resources that are not required to
18 serve customers. For example, on any given day, the Company may have avoided
19 the dispatch of another resource to serve GCR customers because the total

⁹ See, Section 8. Storage Swing Option of Rate Schedule Load Management Service – Market Area of TGP’s tariff.

1 aggregate volumes delivered on AGT and TGP (including marketers' volumes)
2 exceeded actual usage by customers, or the Company may manage the aggregated
3 "length" (i.e., over-deliveries) by generating revenue through incremental sales.
4

5 To illustrate how the Company managed the aggregated monthly imbalances using the
6 above three approaches over the December 2024 to March 2025 period reviewed by Mr.
7 Mierzwa:

- 8 • On AGT, the Company's monthly OBA imbalance was cashed out at the AGT-
9 based monthly index rates for the aggregated total of 201,974 Dth of over-
10 deliveries from December 2024 to March 2025 (i.e., a total cash out of
11 approximately \$2.33 million to the Company's GCR customers).
- 12 • On TGP, the Company had automatic storage injections under the FS-MA #501
13 contract of 157,265 Dth (i.e., storage inventory for GCR customers was
14 increased) from December 2024 to March 2025.
- 15 • Lastly, any aggregated "length" (i.e., over-deliveries) over the December 2024 to
16 March 2025 period provided the Company with opportunities to avoid the
17 dispatch of incremental resources to serve GCR customers, and/or generate
18 revenue through incremental sales, thus providing credits (i.e., mitigating costs) to
19 GCR customers.
20

Thus, any reconciliation between the Company's cash out process for marketers and cost/credit implications associated with the GCR would need to include various inputs and is a more complex undertaking. Stated differently, the daily and monthly system imbalances, of which marketers' imbalances are included, are managed on an aggregated basis by Rhode Island Energy using multiple approaches; and the quantification of the costs and/or credits to GCR customers associated with the current transportation service cash out provisions, as detailed in in the Company's Gas Tariff, is a more complicated analysis.

Q. Given the complexities of the current cash out process and associated cost/credit implications for GCR customers, what are the Company's conclusions with respect to Mr. Mierzwa's recommendation that the Commission require the Company to revise its current cash out provisions?

A. The Company has appropriately used the current Gas Tariff provisions to cash out marketers. These cash out provisions, as detailed in the Company's current Gas Tariff, are part of a comprehensive set of terms and conditions that govern the transportation service program. Because transportation service imbalances are managed in conjunction with the Company's gas supply for GCR customers through various approaches, any cash out value to marketers for these imbalances cannot be viewed in isolation. As such, Rhode Island Energy is not proposing to revise its cash out provisions at this time.

1 However, since these terms and conditions have been in place for a significant period,¹⁰
2 and any change to one aspect of transportation service should be considered within a
3 broader review of the Gas Tariff underpinning transportation service, the Company
4 suggests a collaborative process be initiated to discuss transportation service program
5 changes in a holistic manner to avoid any unintended consequences. Specifically, the
6 Company would facilitate a discussion of the transportation service program with the
7 Division and marketers with the following objectives: (i) review the transportation
8 service program, (ii) identify aspects of the program that could be improved, (iii)
9 recommend Gas Tariff and/or program changes, and (iv) outline a timeline for
10 implementing any changes.

11
12 **IV. Conclusion**

13 **Q. Does this conclude your rebuttal testimony?**

14 **A. Yes.**

¹⁰ The most recent change to the transportation service program occurred in 2020 related to capacity released to marketers. See, RIPUC Docket No. 5067.