

PRE-FILED SURREBUTTAL TESTIMONY

OF

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May 26, 2026

SUMMARY

Michael J. Walsh is a managing partner at Groundwork Data, testifying on behalf of Conservation Law Foundation in this docket. His surrebuttal testimony responds to the pre-filed rebuttal testimony of Michelle Leone (Book 4) and David Moreira (Book 6), filed by The Narragansett Electric Company d/b/a Rhode Island Energy (the “Company”) on May 11, 2026. addressing the Company’s gas line extension policy. Mr. Walsh responds to the testimony of these witnesses as it relates to gas line extension allowances and concludes that their rebuttal testimony does not change any of the findings, opinions, or recommendations in his direct testimony.

Table of Contents

I. Introduction and Purpose ----- 1

II. Response to Company Witness Leone ----- 4

III. Response to Company Witness Moreira ----- 14

IV. Conclusion ----- 25

1 **I. Introduction and Purpose**

2 **Q. Please state your name and affiliation for the record.**

3 **A.** My name is Michael J. Walsh. I am a managing partner at Groundwork Data. My
4 qualifications are set out in my pre-filed direct testimony in this docket and in Attachment
5 CLF-MJW-1.

6
7 **Q. What is the purpose of your surrebuttal testimony?**

8 **A.** The purpose of my surrebuttal testimony is to respond to the pre-filed rebuttal testimony
9 of Michelle Leone (Book 4) and David Moreira (Book 6), filed by The Narragansett
10 Electric Company d/b/a Rhode Island Energy (the “Company”) on May 11, 2026,
11 addressing the Company’s gas line extension policy. Mr. Moreira’s rebuttal also responds
12 to the direct testimony of Benjamin Butterworth on behalf of the Rhode Island Attorney
13 General; I address only the line extension issues within the scope of my direct testimony.

14
15 **Q. How is your surrebuttal testimony organized?**

16 **A.** Section I of my surrebuttal testimony provides an introduction and review of background
17 information. Section II discusses my response to Company Witness Leone’s rebuttal
18 testimony. Section III discusses my response to Company Witness Moreira’s rebuttal
19 testimony.

20
21 **Q. Please summarize your response to Ms. Leone’s rebuttal.**

1 **A.** Ms. Leone’s rebuttal does not change any of the findings, opinions, or recommendations
2 in my direct testimony. My response has four principal points. First, Ms. Leone’s defense
3 rests on reframing the Act on Climate through the “lens” of an open-ended obligation to
4 serve new gas customers; that inverts the statute, which directs all state agencies to weigh
5 the binding emissions mandates rather than subordinate them to gas-system continuity.
6 Second, her “holistic, technology- and fuel-neutral” characterization is not supported by
7 Rhode Island’s own 2025 Climate Action Strategy, which charts specific pathways
8 requiring substantial electrification and reduced pipeline-gas throughput. Third, the
9 absence of “large disenrollment” from the gas system is not a relevant or probative metric
10 for whether existing ratepayers should fund new connections. Fourth, her contention that
11 line extension reform must await the Future of Gas docket is contradicted by the dormant
12 status of that docket and by the Massachusetts precedent the Company invokes, where the
13 regulator has already decided the issue and is implementing it through adjudicatory tariff
14 proceedings.

15
16 **Q. Please summarize your response to Mr. Moreira’s rebuttal.**

17 **A.** Mr. Moreira’s rebuttal also does not change any of the findings, opinions, or
18 recommendations in my direct testimony. My response has six principal points:
19
20 First, the rebuttal does not contest — and therefore leaves unrebutted — the specific,
21 demonstrable defects I identified in the Company’s Gas Bill & Margin Calculator
22 (“GBC”) and RI-G CIAC model.

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Second, the Company makes two concessions that affirmatively support my testimony: it concedes that consumption, cost, and financial inputs established in the 2017 rate case “do not reflect current conditions,” and it concedes that it will update those parameters “upon the conclusion of this rate case.”¹ The Company makes these concessions despite having attested in discovery that “The Company is not contemplating any modifications to the Gas Line Extension Policy at this time” finding the current approach “appropriate.”²

Third, the cost-causation principle Mr. Moreira invokes, properly applied, supports reform rather than the status quo; it is the same principle other regulators have relied on to eliminate allowances.

Fourth, the Company’s new argument — that the gas and electric line extension allowances are symmetric — misframes the relevant price comparison and ignores the asymmetry of stranded-asset risk.

Fifth, the Company’s “wrong forum” argument is internally inconsistent and is contradicted by the Massachusetts precedent the Company itself invokes.

¹ RIE-95 at 10-3.
² RIE-CLF 1-4.

1 Sixth, the Company’s affordability, customer-preference, and fuel-switching arguments
2 were addressed in my direct testimony and have been considered and rejected on a
3 materially identical record by the Massachusetts Department of Public Utilities.
4

5 **II. Response to Company Witness Leone**

6 **Q. Have you reviewed Rhode Island’s Executive Climate Change Coordinating**
7 **Council’s (“EC4”) Climate Action Strategy (“CAS”) published in December 2025,**
8 **which is also Schedule CLF-LC-2 provided in CLF Witness Chretien’s pre-filed**
9 **direct testimony?**

10 **A.** Yes.

11
12 **Q. Company witness Leone, on bates page 10 of her rebuttal testimony, asserts that the**
13 **Company has a “holistic” approach to energy resources, meaning “a technology-**
14 **and fuel-neutral approach that facilitates meeting the requirements of the Act on**
15 **Climate.” Do you believe that Rhode Island’s 2025 CAS is technology- and fuel-**
16 **neutral?**

17 **A.** No. Ms. Leone’s characterization (RIE-93, bates 10) conflates the Company’s preferred
18 operating posture with the State’s adopted strategy. Rhode Island’s 2025 Climate Action
19 Strategy is not technology- or fuel-neutral. It was adopted to meet the binding, economy-
20 wide emissions limits of the Act on Climate, and it charts specific decarbonization
21 pathways that depend on widespread building electrification and a substantial reduction

1 in pipeline natural gas consumption.³ A genuinely fuel-neutral document would express
2 indifference among heating fuels; the CAS does not. It treats continued combustion of
3 fuels as inconsistent with the 2030, 2040, and 2050 mandates and prioritizes efficient
4 electrification accordingly.⁴ The Act on Climate itself is not fuel-neutral: it sets
5 enforceable limits that cannot be met without reducing gas use.⁵
6

7 **Q. What in the 2025 CAS supports that interpretation?**

8 **A.** Several elements of the 2025 CAS demonstrate that it is not technology- or fuel-neutral.
9 First, the CAS adopts emissions pathways consistent with the Act on Climate’s 45 percent
10 (2030), 80 percent (2040), and net-zero (2050) limits, each of which requires significant
11 reductions in pipeline gas throughput.⁶ Second, it identifies building electrification —
12 particularly heat pump adoption — as a primary buildings-sector strategy rather than
13 presenting gas and electric heating as interchangeable.⁷ Third, it relies on the
14 Commission’s Future of Gas investigation (Docket 22-01-NG) as the authoritative
15 resource for managing the consequences of declining gas throughput.⁸ Fourth, it is paired
16 with directional policies — the 2024 IECC with electric-ready appendices, Clean Heat
17 Rhode Island, and the regional heat pump targets described in my direct testimony — that

³ CAS at 73.

⁴ *Id.* at 15.

⁵ *See* R.I. Gen. Laws § 42-6.2-1 et seq.

⁶ CAS at 73.

⁷ *Id.* at 15.

⁸ *Id.* at 26, 36, 73.

1 move toward electrification, not neutrality between technologies. The CAS is therefore
2 evidence against the Company’s fuel-neutral framing, not for it.

3
4 **Q. Setting aside the substance of the State’s strategy, is the Company’s own**
5 **characterization internally consistent — can an approach be both “holistic” and**
6 **“technology- and fuel-neutral” as Ms. Leone defines those terms on bates page 10 of**
7 **her rebuttal testimony?**

8 **A.** No. Ms. Leone does not offer these as two independent attributes; she defines one as the
9 other, testifying that “‘holistic’ means a technology- and fuel-neutral approach” (RIE-93,
10 bates 7). As defined, the two are in tension. A holistic approach, in the planning sense the
11 word connotes, is integrated, whole-system, and goal-directed: it evaluates the system as
12 a whole and directs investment and price signals toward a defined objective. Holistic
13 planning is therefore inherently non-neutral — it steers. The technology- and fuel-neutral
14 posture Ms. Leone describes does the opposite: it defers to the aggregate of incremental,
15 decentralized customer and market decisions and waits to “pivot ... as technologies ...
16 become economical.” A party cannot simultaneously be the planner that steers the system
17 toward a binding target and the actor that declines to steer and defers to incremental
18 outcomes. The Company’s definition borrows the credibility of comprehensive planning
19 to describe a posture that is operationally the opposite of planning.

20
21 Committing ratepayer capital to a multi-decade asset is neither a technology-neutral
22 decision nor aligned with holistic planning. The ongoing practice of gas infrastructure

1 build-out may reflect the current baseline, but the regulatory environment that supports it
2 is not technologically neutral; it exists as a function of historical energy planning
3 objectives. The rationale for those objectives has been materially shifted by (1) the Act on
4 Climate; (2) a growing list of technological options; (3) increasing gas infrastructure
5 costs; (4) the state’s adoption of the 2024 IECC building code. Under such shifts, the
6 elimination of line extension allowances aligns with Rhode Island's climate, energy
7 planning, and affordability goals while sending better price signals to enable better
8 customer decision-making about their energy choices.

9
10 **Q. Witness Leone states, “The Company has not seen large disenrollment from the gas**
11 **system” as justification to reject your recommendation. Do you believe this is a**
12 **useful or appropriate metric to apply when determining whether to continue the**
13 **Company’s line extension policy?**

14 **A.** No. Whether the Company has yet seen “large disenrollment” from the gas system (RIE-
15 93, bates 10) is not a probative metric for whether existing ratepayers should bear the cost
16 and risk of new connections, for three reasons. First, it is backward-looking: line
17 extension assets are assigned a 50-year life, so the relevant question is utilization and
18 retention over decades, not the absence of departures in the test year. Second, it measures
19 behavior under the current distorted price signal — in which the gas connection is
20 subsidized to near zero — and so cannot indicate how customers would behave under
21 corrected signals; this is the same circularity I identified in response to the Clean Heat
22 Rhode Island data. Third, the stranded-cost risk the Future of Gas analysis quantifies

1 (approximately \$2.6 billion by 2050) does not require large disenrollment; it arises from
2 declining per-customer throughput, building-code-driven efficiency, and partial
3 electrification even among retained customers. Disenrollment is a lagging indicator of a
4 risk that materializes long before customers fully leave.

5
6 **Q. Witness Leonoe asserts “[t]he Company has an obligation to provide safe and**
7 **reliable gas service to existing as well as those who request natural gas service and**
8 **who can be served by the Company’s gas system.” Do you agree with this**
9 **interpretation of the Company’s obligations?**

10 **A.** Only in part, and not as Ms. Leone deploys it. The Company does have an obligation to
11 provide safe and reliable service to existing customers and to serve those who request
12 service and can feasibly be served. But that obligation does not determine who pays for a
13 new connection — it is satisfied whether the connecting customer or existing ratepayers
14 fund the extension. Ms. Leone’s testimony (RIE-93, bates 13) elides the obligation to
15 serve with an obligation to provide a line extension allowance: the former is a service
16 duty; the latter is a cost-allocation choice the Commission controls. Eliminating the line
17 extension allowance denies service to no one; as the Massachusetts Department put it, a
18 customer who prefers gas “will simply pay the full cost of extending service to them,
19 thereby appropriately placing the risk of future stranded costs on the parties causing the

1 risk.”⁹ . The obligation to serve is not an obligation to grow the system at existing
2 customers’ expense.
3

4 **Q. How does that distortion manifest itself within the discussion of gas line extension**
5 **policy?**

6 **A.** Directly. Filtered through the Company’s gas-service lens, every new connection request
7 is treated as an obligation to extend the system, with the cost socialized to existing
8 ratepayers through the allowance. The Act on Climate frame asks a different question:
9 whether adding a 50-year fossil-gas asset, recoverable through 2076, is consistent with
10 binding limits that require deep reductions in gas throughput by 2040 and net-zero by
11 2050. The distortion is what allows the Company to characterize an open-ended,
12 ratepayer-funded expansion mechanism as climate-consistent merely because each
13 individual connection is “requested.” Properly framed, the line extension allowance is
14 precisely the kind of Commission-influenced price signal and capital commitment the Act
15 on Climate requires the Commission to scrutinize — not an operational detail immune
16 from scrutiny.
17

18 **Q. On bates page 13 of Witness Leone’s testimony, she, in summary, declares that**
19 **consideration of line extension policies should be done within the existing Future of**
20 **Gas Docket and not within this docket. Have you been engaged in that docket?**

⁹ D.P.U. 20-80-E at 13.

1 A. Yes.

2

3 **Q. Can you remind the Commission in what capacity you have participated in the**
4 **Future of Gas investigation?**

5 A. As described in my direct testimony, I have participated in Docket 22-01-NG on behalf of
6 the Conservation Law Foundation and the Sierra Club through stakeholder meeting
7 participation and technical working group participation. In that capacity, I engaged with
8 the scope, inputs, assumptions, and modeling approaches underlying the Commission’s
9 Future of Gas Technical Analysis Report (“Technical Report”) prepared by Energy and
10 Environmental Economics, Inc. (“E3”), which is Exhibit CLF-MJW-2 to my direct
11 testimony and which I sponsor as a witness in this proceeding.

12

13 **Q. What is your response to Witness Leone’s assertion that it is inappropriate to**
14 **consider line extension policies within this docket?**

15 A. I disagree, for the reasons set out in my response to Mr. Moreira on the same point. The
16 line extension allowance is a foundational ratemaking matter: it determines what capital
17 enters the rate base, the revenue requirement existing customers fund, and how cost and
18 risk are allocated between new and existing customers. Those questions are squarely
19 within a general rate case in which the Company’s tariff, cost of service, and rate base are
20 at issue. The tariff and the accuracy of the underlying economic test are questions that
21 would need to be addressed in the absence of the Future of Gas investigation and are not
22 items that the investigation was set up to scrutinize. That the subject is also relevant to

1 the Future of Gas docket does not remove it from this proceeding; the overlap is a reason
2 to address it here, where the full ratemaking record exists.

3
4 **Q. Do you believe that enacting your recommendations in the current docket would be**
5 **premature?**

6 **A.** No. The Company concedes it will update the economic-test parameters at the conclusion
7 of this rate case, and its position is that those parameters are not modified until a rate case
8 — confirming this is the proceeding in which they are set. The Future of Gas docket has
9 produced no final report and no decisional timeline. Every allowance-funded connection
10 approved while the issue is “deferred” adds a 50-year asset to rate base; deferral is not a
11 neutral holding pattern but an affirmative decision to keep socializing connection costs.
12 Acting now is not premature; it is the only way to prevent the continued accrual of the
13 very risk this proceeding is examining.

14
15 **Q. Witness Leone also states that “[o]ngoing dialogue and debate on Future of Gas**
16 **docket topics – including how gas line extensions and new connections are treated –**
17 **should continue within the Future of Gas docket.” Has there been ongoing dialogue**
18 **in that docket?**

19 **A.** Ms. Leone’s argument depends on the premise that the Future of Gas docket is an active
20 forum in which these issues are being worked through. That premise does not hold. Based
21 on the docket record, there has been no substantive stakeholder or technical working
22 group engagement in Docket 22-01-NG since October of 2024, when stakeholders

1 submitted comments on a draft outline of the final report. The “ongoing dialogue and
2 debate” Ms. Leone invokes (RIE-93, bates 13) is not occurring on any schedule that
3 would resolve the line extension question within the timeframe in which the costs at issue
4 are being incurred.

5
6 **Q. When was the last meeting of the stakeholders within that working group?**

7 **A.** To the best of my knowledge, the last stakeholder committee or technical working group
8 meeting in Docket 22-01-NG occurred on August 27, 2024. I am not aware of any
9 scheduled future meeting.

10
11 **Q. Given that the Future of Gas docket has been dormant since August 27, 2024, would
12 it be appropriate to delay all gas policy considerations and reserve them for that
13 docket?**

14 **A.** No. It is not reasonable to defer a foundational, cost-bearing ratemaking question to a
15 forum that is not meeting and has no future meetings scheduled. Deferral has a concrete,
16 one-directional cost: while the question is parked, the Company continues to add
17 allowance-funded, 50-year gas assets to rate base under an economic test the Company
18 itself concedes is out of date. Reserving the issue for a dormant docket is, in practical
19 effect, a decision to preserve the status quo indefinitely while its costs compound — the
20 opposite of prudent regulatory sequencing. The appropriate forum is the one that is
21 actually open and in which these costs are being set: this rate case.

22

1 **Q. In pointing to the Future of Gas docket as the preferred forum for the Company,**
2 **Witness Leone indicates that reserving questions for that docket would be consistent**
3 **with the regulatory approach in Massachusetts. Have you participated in the**
4 **relevant Massachusetts Department of Public Utilities (“DPU”) docket, MA D.P.U.**
5 **20-80?**

6 **A.** Yes. As described in my direct testimony, I have been directly and extensively involved in
7 the Massachusetts Department of Public Utilities’ investigation into the future of gas,
8 D.P.U. 20-80, and subsequent proceedings. In October 2024 I submitted a comprehensive
9 independent technical comment analyzing line extension allowance practices across the
10 Massachusetts distribution companies, which the Department cited in its February 2025
11 Initial Straw Proposal and its August 8, 2025, Interlocutory Order, D.P.U. 20-80-E. I
12 subsequently submitted direct testimony on behalf of the Massachusetts Attorney
13 General’s Office in the Climate Compliance Plan proceedings, D.P.U. 25-40 through 25-
14 45, implementing that Order.

15
16 **Q. Do you agree with her assertion that further delay and inaction are consistent with**
17 **the Massachusetts regulatory approach?**

18 **A.** No. The opposite is true, and I have direct knowledge of the Massachusetts record.
19 Massachusetts has not deferred the line extension question — it has tentatively decided it.
20 In D.P.U. 20-80-E (August 8, 2025) the Department adopted a Revised Straw Proposal
21 providing that each distribution company “shall require a customer seeking an extension
22 for new gas service to pay for the entire cost of connecting to the existing distribution

1 system,” subject only to a narrow technical-infeasibility exception.¹⁰ . It then ordered
2 each company, within 30 days, to file tariff revisions implementing that policy in its
3 adjudicatory Climate Compliance Plan proceeding ,¹¹ and expressly declined to defer the
4 determination pending further granular analysis.¹² Massachusetts is therefore an example
5 of a regulator resolving this issue and implementing it through adjudicatory tariff
6 proceedings — not of delay and inaction. Citing Massachusetts supports acting in this
7 proceeding; it does not support deferral.

8
9 **III. Response to Company Witness Moreira**

10 **Q. Did Mr. Moreira respond to the specific defects you identified in the Company’s**
11 **economic test?**

12 **A.** No. My direct testimony documented specific, individually verifiable defects in the GBC
13 and CIAC model.

14
15 **Q. Did the Company concede any of the points in your direct testimony?**

16 **A.** Yes, two. First, in response to the question whether parameters in the GBC and CIAC
17 model require updating, Mr. Moreira testified: “Yes, certain gas consumption, cost, and
18 financial inputs and assumptions established through the 2017 Rate Case do not reflect
19 current conditions. For example, since that period inflation has increased significantly,

¹⁰ D.P.U. 20-80-E at 17.

¹¹ *Id.* at 18–20.

¹² *Id.* at 13.

1 resulting in materially higher construction costs.”¹³ That concession directly corroborates
2 Section IV of my direct testimony: the model’s stale 2018 cost factors understate the
3 capital cost that existing ratepayers are asked to bear, and therefore understate CIACs.

4
5 Second, when asked whether those parameters will be updated, Mr. Moreira testified,
6 “[y]es, upon the conclusion of this rate case the Company will update all parameters with
7 relevant values.”¹⁴ That concession is significant. The Company treats this rate case as
8 the proceeding in which these parameters are set. This concession is made in contrast to
9 the statement by Witness Moreira in discovery that “[t]he Company is not contemplating
10 any modifications to the Gas Line Extension Policy at this time,” finding the current
11 approach “appropriate.”¹⁵

12
13 **Q. Mr. Moreira repeatedly invokes the principle that customers who cause costs should**
14 **bear them. Does that principle defend the current policy?**

15 **A.** No. I agree with the cost-causation principle. Properly applied, it supports my
16 recommendation. The current line extension allowance does the opposite of what cost
17 causation requires. It places the capital cost and the forward revenue risk of a new
18 connection on existing ratepayers, who did not cause the cost, rather than on the new
19 customer, who did. That is precisely why other regulators have relied on cost causation to

¹³ RIE-95 at 6.

¹⁴ Moreira rebuttal at 7.

¹⁵ RIE-CLF 1-4.

1 eliminate allowances. The Maryland Public Service Commission, in its order eliminating
2 allowances, reasoned this way: “Basic cost causation principles dictate that to the degree
3 possible, the entity causing the cost should be the entity that bears the cost.”¹⁶
4

5 **Q. Mr. Moreira states that the policy ensures the incremental cost to the rate base is**
6 **zero. Does that assurance hold?**

7 **A.** No. That assurance is entirely derivative of the consumption and cost assumptions in the
8 economic test. As my direct testimony demonstrated and the rebuttal does not dispute,
9 those assumptions overstate new-customer revenue and understate connection cost. An
10 assurance of “zero incremental cost” that is produced by an unvalidated model, one that
11 the Company concedes has never been checked against actual outcomes,¹⁷ is an
12 assumption, not a finding.
13

14 **Q. Mr. Moreira argues that your comparison is illegitimate because the electric line**
15 **extension policy also provides allowances, so the upfront cost to connect to either**
16 **system “is typically zero.” How do you respond?**

17 **A.** The argument misframes the relevant comparison and ignores the decisive asymmetry.
18 The relevant decision a customer faces is not “connect to gas versus connect to
19 electricity.” Every new building receives an electric connection regardless of how it is
20 heated — an all-electric home and a gas-heated home both take electric service.

¹⁶ D.P.U. 20-80-E at 14 (quoting Md. P.S.C. Order No. 91683 at 9).

¹⁷ RIE-CLF-1-11.

1
2 Even if the two allowances were procedurally symmetric, they are not symmetric in risk.
3 A gas service line added in 2026 is assigned a 50-year service life,¹⁸ placing it on the rate
4 base through 2076 — 26 years past the Act on Climate’s net-zero deadline. Incremental
5 gas distribution investment carries the stranded-asset exposure, which the Future of Gas
6 Technical Report quantified at approximately \$2.6 billion by 2050.¹⁹ A symmetric
7 procedure applied to two assets with opposite risk profiles does not produce a symmetric
8 outcome for ratepayers.
9

10 **Q. Mr. Moreira argues that this rate case is not the appropriate forum and that reform**
11 **should await the Future of Gas docket (22-01-NG). What is your response?**

12 **A.** The argument is internally inconsistent and is not supported by the precedent the
13 Company cites. It is internally inconsistent because the Company concedes that it will
14 update the very economic-test parameters at issue “upon the conclusion of this rate
15 case,”²⁰ and because the Company’s own position is that these parameters “will not be
16 subject to modification until a subsequent rate case is approved.”²¹ The Company cannot
17 simultaneously maintain that the rate case is where these parameters are set and that the
18 rate case is the wrong place to examine whether they are correct.
19

¹⁸ RIE Response to CLF 1-15.

¹⁹ CLF-MJW-2, Technical Report..

²⁰ Moreira Rebuttal at 7.

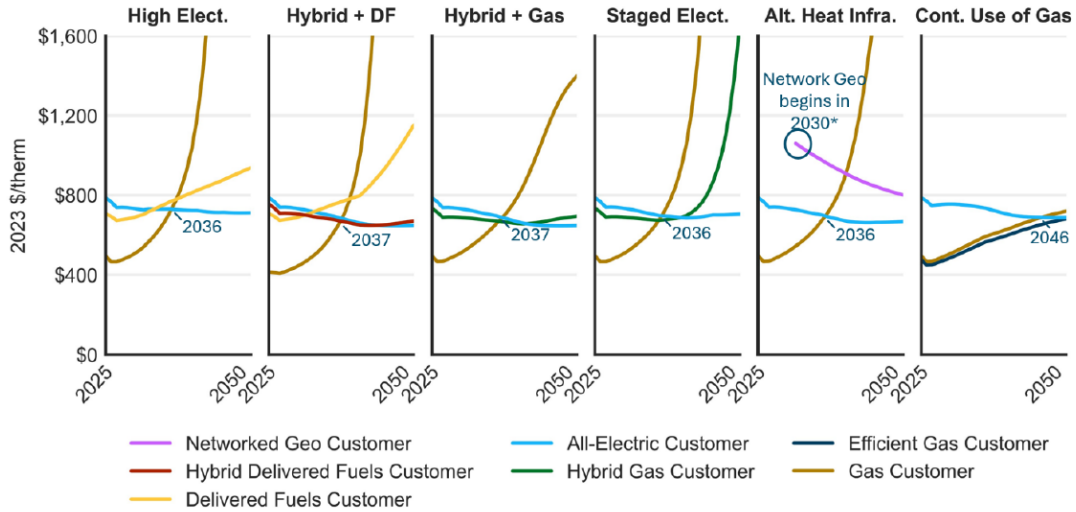
²¹ RIE Response to CLF 1-1.

1 It is also unsupported by precedent. The Act on Climate requires all state agencies,
2 including this Commission, to consider the Act's mandated emissions reductions in their
3 decision-making; that statutory duty attaches in this proceeding, not only in 22-01-NG.
4 And Docket 22-01-NG has produced no final report and no decisional timeline, while
5 every allowance-funded connection approved in the interim adds a 50-year asset. Deferral
6 is not a neutral act; it locks in the very investments at issue.

7
8 **Q. Mr. Moreira cites the E3 "Continued Use of Gas" scenario in your Exhibit CLF-**
9 **MJW-2 as showing the lowest overall cost for customers and as demonstrating that**
10 **continued growth of the gas system is compatible with the Act on Climate. Is that an**
11 **accurate characterization?**

12 **A.** No, and I am the sponsoring witness for that exhibit. Witness Moreira misunderstands the
13 findings of the Future of Gas E3 Technical Analysis by focusing on a singular result and
14 overlooking the broader findings of the study.

Figure 62. Residential Monthly Energy Costs (Energy Bills + Levelized Upfront Costs) including Gas to All-electric Inflection Year



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Figure 1. Residential monthly costs from the Future of Gas Technical Report.²²

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First, gas customers see steadily rising levelized energy costs, becoming more expensive than electric heating in 2046 (Figure 1). This scenario relies on an upper-bound

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assumption that customers will remain on gas at current levels while adopting efficient

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gas-heating products such as gas heat pumps. If customers were to leave the system, costs

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to the gas customers would steadily increase further towards the other scenarios in the

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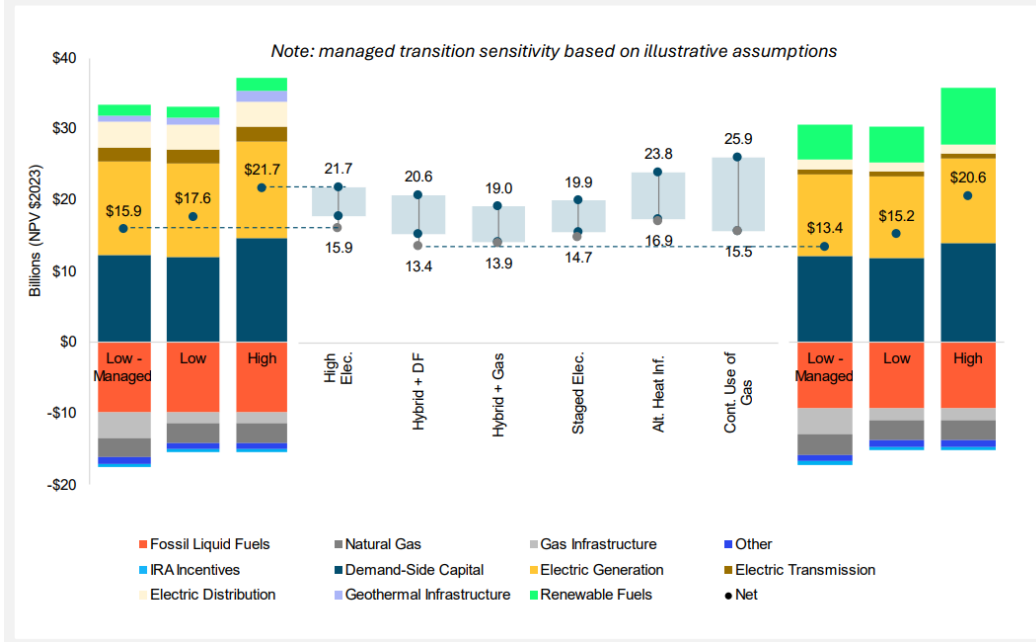
analysis. Such pathways should not be considered futures to chose from, but as points of

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reference used to understand the option space to assess risks in the energy transition.

²² Technical Report at 103.

Figure 52. Range of Net Present Value Total Resource Cost by Scenario under a Managed Transition – breakdown of Components for High Electrification and Hybrid with Delivered Fuels.



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Figure 2. Total resource or system costs by scenario from the Future of Gas Technical Report²³

Second, the continued use of gas scenario exhibited some of the highest overall costs and the highest upper band of costs among all the scenarios when evaluated on a systems cost basis (Figure 2). This is largely driven by its reliance on renewable fuels, which have a wide uncertainty band and the potential for high costs if they are in significant demand. Furthermore, the analysis demonstrated the value of avoided gas investment strategies in the High Electrification and Hybrid Delivered Fuels scenarios.

²³ *Id.* at 90.

1 **Q. Mr. Moreira contends that this rate case is not the appropriate forum for line**
2 **extension reform and that the issue should be left to the Future of Gas docket,**
3 **pointing to Massachusetts as a model. Is the rate case an appropriate forum to**
4 **decide this issue?**

5 **A.** Yes. The line extension allowance is a foundational ratemaking matter, not a peripheral
6 policy question that can only be addressed elsewhere. It determines what capital enters
7 rate base, the revenue requirement that existing customers fund through their rates, and
8 how the cost and risk of new connections are allocated between new and existing
9 customers. Those are core questions in a general rate case. That the issue is also relevant
10 to the Future of Gas docket does not remove it from the rate case in which the Company's
11 tariff, cost of service, and rate base are squarely before the Commission. If anything, the
12 overlap is a reason to address it here, where the full ratemaking record exists.

13
14 The choice of procedural vehicle is not the substance. Jurisdictions that have reformed or
15 eliminated line extension allowances have done so through whatever adjudicatory
16 mechanism fit their circumstances — rate cases, tariff proceedings, and dedicated
17 investigations alike. The common thread is a substantive determination that existing
18 ratepayers should not bear the cost and risk of new connections. That determination can
19 and should be made on the record in this proceeding.

20
21 The Massachusetts comparison Mr. Moreira draws also overlooks a structural difference
22 that undercuts his point. Massachusetts has five jurisdictional gas distribution companies,

1 and its Future of Gas process serves, in part, to harmonize line extension practices
2 uniformly across all of them — as the evidence of inconsistency among them has been
3 determinative in the DPU’s rationale to request tariff revisions that prohibit allowances.
4 Even with that coordination function, Massachusetts has already made the substantive
5 policy decision — that new customers pay the full cost of connecting — and is
6 implementing it through tariff revisions in adjudicatory proceedings.²⁴ Rhode Island has
7 a single gas utility. There is no cross-utility harmonization need that would make a
8 separate generic docket necessary or more efficient than acting on the Company's own
9 tariff in the proceeding where it is already at issue.

10
11 Finally, deferral is not cost-free. The Company concedes it will update the economic-test
12 parameters “upon the conclusion of this rate case” (Moreira Rebuttal at 7), which
13 confirms that this proceeding is where these parameters are in fact set. Every allowance-
14 funded connection approved in the interim adds an asset assigned a 50-year life.

15
16 **Q. Mr. Moreira argues that eliminating the allowance would worsen affordability and**
17 **runs counter to customer preference for gas. How do you respond?**

18 **A.** The argument conflates one new customer’s upfront cost with system-wide affordability.
19 The relevant affordability question for this Commission is the rate paid by the existing
20 customer base. Socializing new-connection capital across a customer base that is at best

²⁴ D.P.U. 20-80-E at 17–20.

1 stable and more likely declining is itself the principal driver of the projected doubling of
2 delivery rates. Protecting existing and future ratepayers from that dynamic is an
3 affordability measure. The Massachusetts DPU reached the same conclusion, finding that
4 “removing line extension allowances protects LMI ratepayers.”²⁵ New connections are
5 likely to be those buying in a newly constructed building, or have a high ability to
6 facilitate an oil-to-gas conversion — cohorts that are likely to be of higher income.
7 Eliminating allowances also does not deny anyone gas service: as the Massachusetts DPU
8 put it, a customer who prefers gas “will simply pay the full cost of extending service to
9 them, thereby appropriately placing the risk of future stranded costs on the parties
10 causing the risk.”²⁶

11
12 **Q. Mr. Moreira cites the Company’s Clean Heat Rhode Island data, via Mr. Jones,**
13 **showing that few recipients fully displaced gas. Does that undercut your testimony?**

14 **A.** No, for the reason I gave in my direct testimony.²⁷ Using customer choices made under a
15 price signal in which the gas connection was subsidized to near zero as evidence that
16 removing the subsidy would not change behavior is circular. The cited data measure
17 behavior under the distortion this proceeding is examining; they do not measure behavior
18 under corrected price signals. The cited program cohort is also small and early-stage and

²⁵ MA D.P.U. 20-80-E at 16.

²⁶ *Id.* at 13.

²⁷ CLF-MJW-1 47-48.

1 does not support a forward demand forecast for new connections subject to Rhode

2 Island’s 2024 IECC envelope and electric-ready requirements.

3
4 **Q. Mr. Moreira argues that eliminating the allowance could push customers toward oil**
5 **or propane and increase emissions. Is that persuasive?**

6 **A.** No. The Massachusetts DPU considered and rejected the identical argument from the
7 LDCs, finding that “no evidence is offered to suggest that such a situation is anything
8 more than a rare or isolated circumstance,” and crediting record evidence that all-electric
9 new construction costs in comparable building types are within roughly one percent of
10 fossil fuel construction.²⁸ My direct testimony (Section VII.E) documents that heat
11 pumps are now operationally cost-competitive with oil and propane and that Rhode
12 Island’s building code now requires the high-performance envelopes that enable efficient
13 heat pump operation.

14
15 **Q. Mr. Moreira cites an approximately \$19,000 gap between the upfront cost of a cold-**
16 **climate heat pump and a new efficient gas furnace. Does that figure change your**
17 **analysis?**

18 **A.** No. The cited reference is incorrect. Mr. Moreira cites Footnote 26 of the *Rhode Island*
19 *2025 Climate Action Strategy* (page 24) which *mis-references* a study commissioned by

²⁸ MA D.P.U. 20-80-E at 14–15.

1 NESCAUM.²⁹ The \$19,000 figure appears to refer to a sentence comparing the MassCEC
2 Whole Home Pilot and EIA data.³⁰ Furthermore, the NESCAUM study provided a
3 comprehensive multi-state comparison of various HVAC arrangements (Figure 3). Where
4 the cost of various heat pump arrangements was estimated to be approximately \$19,000
5 compared to \$12,300, a difference of \$6,700, not \$19,000. It's important to note that
6 these are retrofits, in new construction, the avoided ductwork and gas piping can offer
7 considerable savings in a fully electrified unit.


8
9 Finally, the presence of a cost differential does not rebut the conclusion that existing
10 ratepayers should not be required to underwrite the gas connection.

²⁹ Northeast States for Coordinated Air Use Management, *Heat Pumps in the Northeast and Mid-Atlantic: Costs and Market Trends* (Oct. 30, 2024), available at <https://www.nescaum.org/documents/Heat-Pumps-in-the-Northeast-and-Mid-Atlantic---Costs-and-Market-Trends.pdf>.

³⁰ *See id.* at 49 (For centrally ducted heat pumps, the reported MassCEC Whole Home Pilot average total installation cost was higher than the cost reported by EIA adjusted for MA with an average totaling approximately \$19,000 versus the \$13,000 determined by the OTR Cost Methodology).

FIGURE 3. HVAC EQUIPMENT TOTAL INSTALLATION COST BY STATE AND EQUIPMENT TYPE*

	CT	DC	DE	MA	MD	ME	NH	NJ	NY	PA	RI	VA	VT
Mini-Multi Split (1-zone) - Ducted	\$19.1K	\$16.7K	\$18.6K	\$19.5K	\$16.0K	\$16.3K	\$16.8K	\$20.6K	\$23.1K	\$18.9K	\$18.9K	\$15.2K	\$16.4K
Mini-Multi Split (3-zones) - Ductless	\$19.2K	\$17.5K	\$18.9K	\$19.4K	\$17.0K	\$17.1K	\$17.5K	\$20.1K	\$22.0K	\$19.0K	\$19.1K	\$16.4K	\$17.1K
Packaged Unitary HP - Ducted	\$15.1K	\$13.8K	\$14.9K	\$15.2K	\$13.5K	\$13.5K	\$13.8K	\$15.7K	\$17.1K	\$14.9K	\$15.0K	\$13.1K	\$13.5K
Split Unitary HP - Ducted	\$14.4K	\$12.9K	\$14.1K	\$14.6K	\$12.5K	\$12.6K	\$12.9K	\$15.2K	\$16.8K	\$14.2K	\$14.3K	\$12.1K	\$12.7K
Zonal Electric Resistance - Radiant Baseboard	\$16.1K	\$14.0K	\$15.7K	\$16.5K	\$13.5K	\$13.7K	\$14.1K	\$17.5K	\$19.7K	\$16.0K	\$16.0K	\$12.8K	\$13.8K
Furnace - Fuel Oil - Ducted	\$13.5K	\$11.7K	\$13.1K	\$13.8K	\$11.2K	\$11.4K	\$11.7K	\$14.6K	\$16.4K	\$13.4K	\$13.3K	\$10.6K	\$11.5K
Furnace - MG & Propane - Ducted	\$12.4K	\$10.7K	\$12.0K	\$12.7K	\$10.3K	\$10.5K	\$10.8K	\$13.5K	\$15.2K	\$12.3K	\$12.3K	\$9.7K	\$10.5K
Boiler - Fuel Oil - Hydronic-High-T	\$12.3K	\$10.6K	\$11.9K	\$12.6K	\$10.2K	\$10.4K	\$10.7K	\$13.3K	\$15.0K	\$12.2K	\$12.1K	\$9.6K	\$10.4K
Boiler - MG & Propane - Hydronic-High-T	\$12.4K	\$10.8K	\$12.1K	\$12.8K	\$10.3K	\$10.5K	\$10.8K	\$13.6K	\$15.3K	\$12.4K	\$12.3K	\$9.7K	\$10.6K
Boiler - MG & Propane - Hydronic-Low-T-Radiant	\$22.8K	\$18.8K	\$21.9K	\$23.8K	\$17.7K	\$18.3K	\$19.0K	\$25.8K	\$29.8K	\$22.8K	\$22.5K	\$16.3K	\$18.4K

Install Cost

\$9.6K \$29.8K

*Baseline costs include air conditioning. Measure costs include a panel upgrade. All costs include new distribution system added costs.

1

2

Figure 3. HVAC Equipment total installation cost from NESCAUM Heat Pump Cost Study.³¹

3

4 **IV. Conclusion**

5 **Q. Does Ms. Leone’s or Mr. Moreira’s rebuttal cause you to change any of the**
6 **recommendations in your direct testimony?**

7 **A.** No. For the reasons stated above and in my direct testimony, I reaffirm my
8 recommendation that the Commission order the elimination of gas line extension
9 allowances for all new customer connections, across all customer classes and project

³¹ *Id.* at 48.

1 types, effective upon the Commission's order in this proceeding, together with the annual
2 reporting requirements set out in Section VIII of my direct testimony.

3

4 **Q. Does this conclude your surrebuttal testimony?**

5 **A.** Yes. I reserve the right to amend or supplement this testimony based on the receipt of
6 additional information.

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

IN RE: THE NARRAGANSETT ELECTRIC COMPANY :
d/b/a RHODE ISLAND ENERGY APPLICATION FOR : **DOCKET NO. 25-45-GE**
APPROVAL OF A CHANGE IN ELECTRIC AND GAS :
BASE DISTRIBUTION RATES :

AFFIDAVIT OF MICHAEL J. WALSH

Michael J. Walsh does attest and swear to the following:

I, Michael J. Walsh, certify that the attached pre-filed surrebuttal testimony, submitted on behalf of the Conservation Law Foundation, which bears my name, was prepared by me or under my supervision and control and is true and accurate to the best of my knowledge and belief.

Signed under the pains and penalties of perjury this 26th day of May, 2026.



Michael J. Walsh
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Groundwork Data
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