



## STATE OF RHODE ISLAND

DIVISION OF PUBLIC UTILITIES & CARRIERS  
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### MEMORANDUM

**TO:** Rhode Island Public Utilities Commission

**FROM:** Alberico Mancini – Chief Regulatory Analyst, DPUC

**DATE:** March 3, 2021

**RE:** Docket No. 5099 – Revenue Requirements re: National Grid’s  
FY 2022 Gas Infrastructure, Safety, and Reliability Plan

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On December 18, 2020, the Narragansett Electric Company d/b/a National Grid (the “Company”) filed its Gas Infrastructure, Safety, and Reliability (ISR) Plan for FY 2022. According to the filing, the total FY 2022 Gas ISR Plan revenue requirement is \$39,525,779 which includes an incremental increase of \$16,764,250 from FY 2021’s approved revenue requirement of \$22,761,529. This increase results in an annual bill increase of \$49.12 or 3.7 percent for the average residential customer using 845 therms annually.

The filed ISR Plan includes \$4.9 million of spending associated with the Aquidneck Island Long-Term Capacity Options. This amount was also included in the revenue requirements calculation. In response to PUC 6-5, the Company stated:

...the Company believes it would be appropriate to use Preliminary Survey and Investigation accounting as an exception to the historical practice for Gas for the costs associated with the Aquidneck Island Long Term Capacity Options since the type of activities that will take place in FY 2022 match the definition for Preliminary Survey and Investigation and because the Company has not yet selected an infrastructure option.

The Company further stated in response to PUC 6-6:

...the Company would propose to exclude that \$4.9 million from the capital investment included in the calculation of the FY 2022 Gas ISR revenue requirement calculation until those dollars are transferred to CWIP.

The Division concurs with the Company's proposal that the \$4.9 million at this time is more appropriately classified as Preliminary Survey and Investigation (PS&I) charges as opposed to being classified as a capital spend and included in Construction Work in Progress (CWIP). If the PS&I spending results in a capital project, it would be appropriate to transfer the PSI spending to CWIP. The Division further agrees that the \$4.9 million should be excluded from the revenue requirements calculation because the tariff only allows for the inclusion of "Capital Spending" and not PS&I spending.

The Division's outside consultant, David J. Effron, has reviewed the Company's FY 2022 Gas ISR Plan. Mr. Effron has opined that based on his review, the revenue requirement associated with FY 2022 Gas ISR Plan is reasonably calculated except for the inclusion of the \$4.9 million of PS&I charges in the calculation. The Division adopts Mr. Effron's review and recommendation in this filing. Mr. Effron has indicated that he will be available to testify by video at the hearing that is currently scheduled for March 11, 2021, regarding his revenue requirement review and recommendation.

A Company analysis remains outstanding regarding whether the revenue requirement for the Gas ISR should be calculated in a manner that is consistent with the way in which it is calculated for the Electric ISR, and, whether to do so, is in the best interest of its gas customers. The Division reserves its right to comment on the Company's analysis after we have an opportunity to review it. We further reserve our right to comment on the final revenue requirement calculation in the docket.