



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

PUBLIC UTILITIES COMMISSION
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Chairman Elia Germani
Commissioner Mary E. Bray
Commissioner Paul J. Roberti

MEMORANDUM

To: Docket No. 4237 Service List
Cc: Commissioners
From: Cindy Wilson-Frias
Date: September 18, 2012
Re: Docket No. 4237 Pre-Hearing Conference Issues

On Friday, September 14, 2012, we had a second pre-hearing conference in this matter to discuss certain issues related to the case and the legislation.

An Exhibit List will be developed by the end of the week which will include information gathered during the pre-legislative investigatory portion of this docket which was opened by the Commission on March 1, 2011.

UPDATED SCHEDULE

September 18, 2012 – National Grid’s Responses to the Sixth Set of Data Requests due
Filing of Division’s Comments/Testimony

September 20, 2012 at noon – Filing of National Grid’s Response to CVIC’s Testimony

September 21, 2012 at noon – Filing of National Grid’s Response to Division’s
Comments/Testimony

September 24, 2012 at 9:30 a.m. – Hearing

DISCUSSION

We discussed the fact that there were several submissions under public comment which will be marked for identification only.

We discussed the language of the statute which states in part, “The commission shall review and determine which equipment and technology shall be used for the surveying of contact voltage...” R.I.G.L. § 39-2-25(d). Sections (b)(2)-(3) contain similar language. I noted that National Grid stated that the legislation requires the Commission to identify the “specific” technology and that National Grid included model numbers of devices in its proposal and also initially included

Commission approval of a vendor. I suggested that another interpretation of the cited language would be that “technology” means mobile or manual or a combination of both since the statute uses the modifier “mobile testing” before technology later Section (d). The parties expressed no objection to this interpretation. Additionally, I suggested that equipment does not necessarily mean specific models of devices, but rather, devices that are capable of meeting minimum requirements regarding the measurement of contact voltage, whether related to manual or mobile technology. Again, there was no objection from the parties to this interpretation.

In response to an inquiry regarding the status of the RFP to which the proposed plan referred, National Grid confirmed that because a potential vendor had declined to submit to a field test, National Grid did not move forward with the RFP. National Grid indicated that it is now seeking Commission review and approval of its RFP approach so that the Company can move forward with the RFP.

We discussed the fact that the Division is required to determine the voltage levels at which National Grid must make repairs to equipment where contact voltage is found. The Division did not advise of how it will make its determination, but that will need to be determined soon.

We discussed the fact that National Grid needs to start a program and that the Commission decision is due on or before October 4, 2012. Therefore, we discussed the possibility of an interim program until the mobile testing RFP could result in a contract, if the Commission accepts National Grid’s proposal to utilize mobile testing. This will be an issue at the hearing. The Commission’s Sixth Set of Data Request looks at this issue.

Other issues at the hearing will be the appropriate designation of the contact voltage risk areas, preliminary discussions of cost recovery, and preliminary discussion of whether the overhead testing that National Grid does should be included in ISR for purposes of cost recovery or left in base rates. The current proposal by National Grid is to include the underground testing costs pursuant to R.I.G.L. § 39-2-25 in the ISR budget/reconciliation.

Commission Data Requests 2-41-ELEC and 5-18-ELEC in Docket No. 4323 discuss the overhead costs.

COMMISSION RESPONSIBILITIES

- (1) To issue an order establishing a contact voltage detection and repair program by October 4, 2012 (Open Meeting currently scheduled for October 4, 2012).
- (2) Establish procedures within the program which:
 - a. Designate contact voltage risk areas
 - b. Require National Grid to survey 40% of the contact voltage risk areas by June 30, 2013 and an additional 20% each year thereafter
 - c. Repair power system faults of National Grid’s underground distribution system, that result in contact voltage appearing on publicly accessible surfaces of a level to be determined BY THE DIVISION OF PUBLIC UTILITIES
 - d. Allow National Grid to notify property owners where contact voltage is found on a non-utility asset (National Grid already does this under Operating Procedure G016)
 - e. Annually Report on contact voltage findings as enumerated in the statute

- f. Maintain records of testing and maintenance and repair and submit copies to the Commission which shall be public records
- (3) Approve a tariff to allow National Grid to annually recover all costs through a fully reconciling funding mechanism (not yet submitted by National Grid)
- (4) Determine which equipment and technology shall be used
- (5) By October 4, 2012, the Commission shall provide the General Assembly with a report on the effectiveness of the program, and any recommendations for changes thereto, including whether to require BIPCo or Pascoag to develop and participate in a contact voltage program.

Commission 2-41-ELEC

Request:

What is currently spent annually on stray/contact voltage monitoring? Where in rates does the cost recovery take place?

Response:

The CY2011 spend on elevated voltage monitoring costs was approximately \$214,000. Elevated voltage monitoring costs have historically been recovered in base rates, and have been included in the cost of service in this proceeding for recovery in base rates. Elevated, or stray/contact voltage costs incurred pursuant to R.I.G.L. § 39-2-25 have not been included in the cost of service in this proceeding, and once incurred, will be recovered through a fully reconciling funding mechanism as described in the law.

Commission 5-18-ELEC

Request:

The response to COMM 2-41-ELEC indicates that the Company spent \$214,000 in CY 2011 on stray/contact voltage monitoring. Given that the Company expects to recover these costs going forward via a fully reconciling funding mechanism that will be part of the annual ISR program, has the Company included in this docket a normalizing adjustment to remove these costs from the test year? If yes, please identify where the adjustment can be found. If no, why not?

Response:

The \$214,000 of stray/contact voltage monitoring costs in CY 2011 are costs associated with the monitoring of overhead facilities, and are not the same type of stray/contact voltage monitoring costs that will be incurred pursuant to R.I.G.L. Section 39-2-25, which will be monitoring costs associated with underground facilities. If it is determined that all stray/contact voltage monitoring costs, including the monitoring of both overhead and underground facilities, will be reconciled through the ISR mechanism or some other mechanism outside of base rates, then the Company will exclude the \$214,000 that is being recovered in base rates as a reconciling item when it makes its annual filings for recovery of these costs.