



State of Rhode Island
Division of Public
Utilities & Carriers

Accounting Section
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SUPPLEMENTAL MEMORANDUM

To: Luly Massaro, Commission Clerk

From: John Bell, Chief Accountant

Date: September 23, 2019

Subject: Electric Infrastructure, Safety, and Reliability Plan FY 2019 Reconciliation,
Docket No. 4783

On September 13, 2019, the Division of Public Utilities and Carriers (“Division”) filed with the Public Utilities Commission (“Commission”) its position memorandum providing a summary and analysis of the Narragansett Electric Company d/b/a National Grid’s (“National Grid” or “the Company”) Fiscal Year 2019 Infrastructure, Safety, and Reliability (ISR) Reconciliation Plan filed on August 1, 2019. Most notably, the Division represented that it had reviewed the calculations included in the filing and noted no exceptions with the Company’s reconciliation of its Fiscal Year 2019 ISR revenue requirements. Based on its review of the Company’s representations and calculations, the Division determined that National Grid’s filing accurately and reasonably supported the revenue requirements. As such, the Division recommended approval of the Company’s ISR reconciliation rates for effect October 1, 2019. Also by this memorandum, the Division informed the Commission that it had sent, just one day prior, a set of data requests “seeking additional information related to the capital spending variances[,]” and articulating that it sought to reserve “its right to address any issues that may arise as the result of our review of the responses to the data requests in the Company’s subsequent ISR filing.” In follow-up, Commission counsel reached out seeking clarification of the Division’s recommendation and intentions, which the Division provides as follows:

From a ratemaking perspective, the Division found that the reconciliation factor was properly calculated. As noted earlier, the Division reserved its right to address any issues that arise from

responses to outstanding data requests in the Company's subsequent ISR filing. At this time, the Division wants to clarify that on the surface the Company's reconciliation filing has not raised any specific concerns. Though the Division specifically mentioned addressing any concerns in the Company's subsequent ISR filing, the Division now believes it would have been clearer to simply state that we were reserving our right to conduct a more detailed review and that we would notify the Commission if we found any irregularities. The notification would not necessarily be limited to the Company's subsequent ISR filing. In summary, the purpose of the outstanding data requests was to assist the Division in getting a better understanding of budget variances as part of our due diligence. At the conclusion of our review we do not plan to take any further action unless irregularities are noted.