

Raquel J. Webster Senior Counsel

March 2, 2021

BY ELECTRONIC MAIL

Luly E. Massaro, Commission Clerk Rhode Island Public Utilities Commission 89 Jefferson Boulevard Warwick, RI 02888

RE: Docket 5099 - Proposed FY 2022 Gas Infrastructure, Safety, and Reliability Plan <u>Responses to PUC Data Requests – Set 8</u>

Dear Ms. Massaro:

I have enclosed an electronic version of National Grid's¹ responses to the Rhode Island Public Utilities Commission's Eighth Set of Data Requests in the above-referenced matter.

Thank you for your attention to this matter. If you have any questions, please contact me at 781-907-2121.

Very truly yours,

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Raquel J. Webster

Enclosures

cc: Docket 5099 Service List Leo Wold, Esq. Al Mancini, Division John Bell, Division Rod Walker, Division

¹ The Narragansett Electric Company d/b/a National Grid ("National Grid" or "Company").

<u>PUC 8-1</u>

Request:

In a January 29, 2021 letter to the Energy Facility Siting Board, counsel for National Grid, George Watson, wrote that "the Company is <u>evaluating long-term alternatives</u> for the Cumberland facility, <u>including</u> construction of a new LNG storage tank. A new storage tank would require a license from the EFSB as the new storage tank would be an alteration of a major energy facility." (*emphasis added*). In the Company's response to PUC 6-5, when asked about the accounting treatment of the Cumberland LNG tank, it states that "[t]he Company does not believe [PS&I survey] accounting treatment is appropriate for the Cumberland LNG tank replacement project <u>since the project has been selected</u> and engineering design work has begun, thus meeting the definition for inclusion in Construction Work in Progress." (*emphasis added*)

Please reconcile these two statements.

Response:

As noted in its response to PUC 6-5, the Company has already decided to build a new LNG tank on the site and is performing a facility siting engineering review in accordance with current LNG codes. This decision was based upon an analysis of alternatives that was undertaken and completed prior to the Company's decision to rebuild the Cumberland LNG tank.

After making its decision to rebuild the Cumberland LNG tank, the Company decided that it would undertake a further analysis of non-infrastructure options to address the customer demands that will addressed by the rebuilding of the Cumberland LNG tank. This second analysis, which was referenced in Mr. Watson's January 29, 2021 letter to the EFSB, was undertaken because the Company refined its process for the evaluation of non-infrastructure solutions to capacity constraints in the course of performing its study of alternatives to address capacity constraints on Aquidneck Island. The Company does not anticipate that this further study will identify a feasible non-pipe alternative that could completely obviate the need for the reconstruction of the Cumberland LNG tank. Through this second study, the Company seeks to determine whether any portion of the capacity needs could be met with non-infrastructure alternatives, thus impacting the size and design of a new the Cumberland LNG tank, but not the Company's decision to build the tank. If the Company identifies an alternative that would completely supplant the need for the Cumberland LNG, and determines that the alternative is preferable to the reconstruction of the tank, the Company would appropriately account for any expenditures that had been classified as Construction Work in Progress ("CWIP").

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The Company is reviewing various site plans in accordance with current regulatory codes, including NFPA 59A and 49 CFR 193, in preparation for obtaining a future EFSB license. As noted in the Company's response to PUC 6-3, CWIP charges are only accrued once the Construction phase of the job has started. Please note that Part 3, Section 13 of the Gas Plant Instructions under the FERC Uniform System of Accounts defines Components of Construction costs to include "amounts paid to other companies, firms or individuals engaged by the utility to plan, design, prepare estimates, supervise, inspect or give general advice and assistance in connection work". Also, please see the Company's response to PUC 2-2 (d) Attachment 1 – Work Order Life Cycle Playbook, page 46 of 174.

Certificate of Service

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

Joanne M. Scanlon

March 2, 2021 Date

Docket No. 5099- National Grid's FY 2022 Gas Infrastructure, Safety and Reliability (ISR) Plan - Service List 1/7/2021

Name/Address	E-mail Distribution	Phone
Raquel J. Webster, Esq.	raquel.webster@nationalgrid.com;	781-907-2121
National Grid	celia.obrien@nationalgrid.com;	
40 Sylvan Road	Joanne.scanlon@nationalgrid.com;	
Waltham, MA 02451	Jennifer.Hutchinson@nationalgrid.com;	
National Grid	Amy.smith@nationalgrid.com;	
Amy Smith	Robert.Gresham@nationalgrid.com;	
Melissa Little	Melissa.Little@nationalgrid.com;	
Lee Gresham	Ann.leary@nationalgrid.com;	
Ryan Scheib	Theresa.Burns@nationalgrid.com;	
5	Michael.Pini@nationalgrid.com;	
	<u>Nathan.Kocon@nationalgrid.com;</u>	
	McKenzie.Schwartz@nationalgrid.com;	
	Ryan.Scheib@nationalgrid.com;	_
	William.richer@nationalgrid.com;	
Division of Public Utilities & Carriers	Leo.Wold@dpuc.ri.gov;	401-780-2130
Leo Wold, Esq.	Margaret.l.hogan@dpuc.ri.gov;	
	Al.mancini@dpuc.ri.gov;	
	John.bell@dpuc.ri.gov;	
	Robert.Bailey@dpuc.ri.gov;	
	dmacrae@riag.ri.gov;	
	MFolcarelli@riag.ri.gov;	
Rod Walter, CEO/President	Rwalker@RWalkerConsultancy.com;	706-244-0894
Rod Walker & Associates	,	
Office of Energy Resources (OER)	Albert.Vitali@doa.ri.gov;	
Albert Vitali, Esq.		
Dept. of Administration	Nancy.Russolino@doa.ri.gov;	
Division of Legal Services	Christopher.Kearns@energy.ri.gov;	
One Capitol Hill, 4 th Floor	Nicholas.Ucci@energy.ri.gov;	

Providence, RI 02908	Carrie.Gill@energy.ri.gov;	
File an original & five (5) copies w/: Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick RI 02888	Luly.massaro@puc.ri.gov;Patricia.lucarelli@puc.ri.gov;Todd.bianco@puc.ri.gov;Rudolph.S.Falcone@puc.ri.gov;Alan.nault@puc.ri.gov;	401-780-2107
Conservation Law Foundation James Crowley, Esq. Conservation Law Foundation 235 Promenade St. Suite 560, Mailbox 28 Providence, RI 02908	jcrowley@clf.org;	401-228-1904