

**State of Rhode Island and Providence Plantations**

**Public Utilities Commission**

**Minutes of Open Meeting Held February 10, 2017**

**Attendees:** Chairperson Margaret Curran, Commissioner Herbert DeSimone, Commissioner Marion Gold, Cynthia Wilson-Frias, Linda George, Maggie Hogan, Alan Nault, Sharon Colby Camara, Todd Bianco and Luly Massaro.

**Chairperson Curran called the Open Meeting to order at 2:00 P.M. in the first-floor hearing room of the Public Utilities Commission (PUC). A quorum was present.**

**Approval of Minutes of Open Meeting held on January 30, 2017** – Commissioner DeSimone moved to approve the minutes and the motion was seconded by Commissioner Gold. Motion to approve the minutes passed. **Vote 3-0.**

**4686 – The Narragansett Electric Company d/b/a National Grid** – National Grid filed on December 29, 2016, a request for approval of Storm Contingency Fund Replenishment filing and associated tariff provision. Chairperson Curran moved to suspend the proposed tariff filing in order to continue with examination and hearing. Commissioner Gold seconded the motion. The motion to suspend passed. **Vote 3-0.**

**4672 – National Grid & RI Distributed Generation Board** – The PUC reviewed the record regarding: 1) the RI Distributed Generation Board’s (DB Board) November 11, 2016 Report recommending ceiling prices and renewable energy growth classes which will be effective in the 2017 Renewable Energy Growth Program year; and 2) National Grid’s November 16, 2016 proposed modifications to the Company’s 2017 Renewable Energy Growth Program Tariffs and Solicitation and Enrollment Rules. After review and discussion, the following motions were made:

Distributed Generation Board’s Ceiling Prices and Targets:

Commissioner Gold moved that the DG Board’s recommended Ceiling Prices, Classes and Targets be approved with the requirement that DG Board shall review and consider the full cost and system benefits of renewable distributed generation projects as part of ceiling price development. Such review and consideration shall include but not be limited to locational and temporal distribution system benefits and costs and incorporating these costs and benefits into the ceiling prices. Chairperson Curran seconded the motion and the motion was passed. Commissioner DeSimone dissented. **Vote 2-1.**

National Grid’s Renewable Energy Growth Tariff & Rules:

1. Commissioner Gold moved to direct National Grid to address the opportunity of offering locational and temporal incentives in setting ceiling prices for Program Year 2018. Chairperson Curran seconded the motion and the motion passed. **Vote 3-0.**

2. Commissioner Gold moved to delay the implementation of National Grid's Zero Energy Building Program for 1 year to allow National Grid an opportunity to address the issue whereby the current program offers to supply a customer with greater renewables than a customer's load. Chairperson Curran seconded the motion and the motion passed. **Vote 3-0.**
3. Commissioner Gold moved to deny National Grid's request that the PUC delegate its authority to the DG Board to review and approve changes to the SolarWise Program regarding efficiency savings targets maximum size for solar facilities. The PUC is not comfortable delegating its authority but rather would like to continue to monitor the SolarWise program. Commissioner DeSimone seconded the motion and the motion passed. **Vote 3-0.**
4. Commissioner Gold moved to approve National Grid's request that to be eligible for the SolarWise Program, an applicant must have at least 6-month usage history at the location that is subject to the energy audit. The PUC found that it is reasonable and more accurate to calculate energy usage based on at least 6 months billing history. Commissioner DeSimone seconded the motion and the motion passed. **Vote 3-0.**
5. Commissioner Gold moved to direct staff to develop of list of data to track on the SolarWise program and to work with the utility on a process for reporting the data in its filing for Program Year 2018. Chairperson Curran seconded the motion and the motion passed. **Vote 3-0.**
6. Commissioner Gold moved that National Grid be required to include in its filing for Program Year 2018 a proposed performance incentive structure. Such incentive structure shall include performance metrics for interconnection and may include performance metrics for administrative costs, capturing capacity value, capturing the value of the excess generation, addressing customer and/or applicant issues and additional performance metrics determined by National Grid. Additionally, National Grid is required to track and include data for each performance metric it proposes. Commissioner DeSimone seconded the motion and the motion passed. **Vote 3-0.**
7. Commissioner Gold moved to deny National Grid's request to amend the statutory definition for shared-solar facility to create two exemptions to the statutory requirement that customers receiving bill credits from such facilities must be must be in the same customer class. Commissioner Gold stated that while this proposal would remove obstacles to participation in the shared solar program, the legislature, and not the PUC, has the authority to amend the statute. Chairperson Curran seconded the motion and the motion passed. **Vote 3-0.**
8. Commissioner Gold moved to approve National Grid's proposed Renewable Energy Growth Tariffs and Rules subject to the modifications made at this Open Meeting. Commissioner DeSimone seconded the motion and the motion passed. **Vote 3-0.**

**4618 – Providence Water Supply Board** – The PUC reviewed the record regarding Providence Water’s application to collect additional revenues of \$8,328,042 to support a total cost of service of \$77,728,472. The PUC discussed the following issues in connection with the rate application:

Settlement Agreement

Chairperson Curran noted that the Settlement Agreement includes certain provisions that in the event the PUC fails to approve any part of the Settlement, then the entire Settlement is void. The Settlement was not joined by all the parties. Chairperson Curran moved to reject the Settlement Agreement between Providence Water and the Division of Public Utilities and Carriers. Commissioner Gold seconded the motion. Commissioner DeSimone found the Settlement to be fair and reasonable and moved to accept the Settlement. Commissioner DeSimone dissented. **Vote 2-1.**

As the Settlement was rejected, the PUC continued with its review of the record and ruled on the outstanding issues.

Consumption: Chairperson Curran moved to accept a consumption level of 63,606 HCF based on FY 2014 - FY 2016. Commissioner DeSimone seconded the motion and the motion passed. **Vote 3-0**

Personnel/Payroll: Chairperson Curran moved to accept an expense allowance in the amount of \$15,280,225. This amount is derived from 1) RR-6 amount of \$14,506,295 which includes contractual increase for year 2015, plus 2) updated overtime of \$849,944 based on 3-year FY14-FY16, and 3) minus \$76,014 for turnover allowance. Commissioner DeSimone seconded the motion and the motion passed. **Vote 3-0.**

City Services: Providence Water proposed an increase of \$118,233 to city services based on adding an inflation factor from 2008. Chairperson Curran moved to reject Providence Water’s request finding that it did not provide sufficient evidence to support this. Providence Water was instructed, in the past, to develop a cost allocation manual; and that instruction has apparently been ignored. Commissioner Gold seconded the motion. Commissioner DeSimone supported the City Services amount allocation agreed to by Providence Water and the Division in the Settlement which takes the City Services amount in 2008 and merely adds to it, the amount of increased wages to employees, which is roughly 13%. Commissioner DeSimone dissented. **Vote 2-1.**

Rate case and regulatory expense:

- 1) Chairperson Curran moved approve an allowance of \$349,933 amortized over two years. Commissioner Gold seconded the motion and the motion passed. **Vote 3-0.**
  
- 2) Commissioner DeSimone moved to approve Providence Water’s request to recover rate case expenses in the amount of \$97,696 from Docket 4571 as a result of lack of clarity to the PUC’s rules. Chairperson Curran seconded the motion and the motion passed. **Vote 3-0.**

Restricted Accounts:

- 1) Reporting Requirements – Chairperson Curran moved that Providence Water continue the current reporting requirements and instructed that PUC Staff meet with the Division and PWSB to develop quarterly reporting requirements. Commissioner DeSimone seconded the motion and the motion passed. **Vote 3-0.**
- 2) Revenue Reserve to Capital - Chairperson Curran moved that Providence Water be allowed to transfer \$1.225 million from Revenue Reserves Capital in order to meet its shortfall from FY 2010. Commissioner Gold seconded the motion and the motion passed. **Vote 3-0.**

Chairperson Curran moved that no additional transfers be allowed from other accounts. Commissioner Gold seconded the motion and the motion passed. **Vote 3-0.**

Chairperson Curran moved that Providence Water be required to eliminate the due to/due from, from FY 2010, and that they start from a particular date going forward. Commissioner DeSimone seconded the motion and the motion passed. **Vote 3-0.**

Chairperson Curran moved to continue the Revenue Reserve funding cap at 6%. The cap shall be reviewed in the next rate filing. Commissioner Gold seconded the motion and the motion passed. **Vote 3-0.**

- 3) Infrastructure Replacement (IFR) – Chairperson Curran noted that the record supports a 3-year historical average of capitalized labor and overhead costs and moved to make a downward adjustment of \$300,000 to IFR funding. Commissioner Gold seconded and the motion passed. **Vote 3-0.**
- 4) Insurance – Chairperson Curran moved to allow an annual funding of \$2,302,113, to disallow the Cox cable bill to be paid out of the Insurance Fund, and to require Providence Water to submit quarterly reporting on the activity in the account with an explanation of how any non-premium/non-claim payments reduce Providence Water’s insurance expense. Commissioner Gold seconded the motion and the motion passed. **Vote 3-0.**
- 5) Western Cranston – Chairperson Curran moved to approve an annual funding level of \$40,000 for this account. Commissioner DeSimone seconded the motion noting that this amount was provided for in the Settlement. The motion passed. **Vote 3-0.**

Property Tax – Foster Tax Refund – Commissioner DeSimone moved to adopt the Division’s proposal which had been incorporated in the Settlement with reference to the \$350,000 Foster tax refund. Going forward, Providence Water shall take \$175,000 per year from the property tax refund to be used to reduce rates. Chairperson Curran seconded the motion and the motion passed. **Vote 3-0.**

### Chemicals

- 1) Chairperson Curran moved to accept an annual funding level of \$2.8 million. Commissioner Gold seconded the motion and the motion passed. **Vote 3-0.**
- 2) Chairperson Curran moved to continue to restrict the AMR/Meter Replacement, Equipment Replacement Funding and Water Quality Protection Fund accounts. Commissioner Gold seconded the motion and the motion passed. **Vote 3-0.**

Lead Service Replacement Program – Chairperson Curran moved to approve Providence Water’s request for an annual funding level of \$250,000 to set up a revolving loan fund for customers and provide a lead safe program as outlined in RR-10. The motion also required Providence Water to file an annual report on the status of the funds and directed Providence Water to meet with Division and PUC Staff to develop the report for reviewing and assessing the program. Commissioner Gold seconded the motion and the motion passed. **Vote 3-0.**

### Central Operations Facility (COF)

- 1) Commissioner DeSimone moved to find that Providence Water is in compliance with the budget cap approved in PUC Order in Docket No. 4571. Chairperson Curran seconded the motion and the motion was passed. **Vote 3-0.**
- 2) Chairperson Curran moved that as part of the milestone report in Docket No. 4571, Providence Water shall update and report on energy efficiency package awards. Commissioner Gold seconded the motion and the motion passed. **Vote 3-0.**

Other Cost Allocation Issues – The PUC unanimously agreed that cost allocation issues raised by the intervenors will be reviewed in Providence Water’s next rate filing through a new cost of service study from scratch. **Vote 3-0.**

Academy Avenue - The PUC unanimously agreed to defer consideration of this issue to Providence Water’s next rate case with the caveat that Providence Water notify the PUC of any sale and report on the specifics of that sale. **Vote 3-0.**

Public Fire Protection Charges – The PUC unanimously agreed that the cost of service for this class be reviewed in Providence Water’s new cost of service allocation study. **Vote 3-0.**

Payment in Lieu of Taxes (PILOT) – Noting that the record does not support that this would provide any benefit to ratepayers. Chairperson Curran moved to reject Providence Water’s request for the PILOT, Commissioner Gold seconded the motion. Commissioner DeSimone dissented; he supported granting the PILOT in the amount of \$326,000. **Vote 2-1.**

Providence Water was instructed to file a compliance tariff by February 14.

The Open Meeting adjourned at 4:55 P.M.