

State of Rhode Island and Providence Plantations

Public Utilities Commission

Minutes of Open Meeting Held February 25, 2016

Attendees: Chairperson Margaret Curran, Commissioner Paul Roberti, Commissioner Herbert DeSimone, Patricia Lucarelli, Cynthia Wilson-Frias, Amy D'Alessandro, Sharon Colby Camara, Alan Nault, Todd Bianco and Luly Massaro.

Chairperson Curran called the open meeting to order at 10:00 A.M. in the first-floor hearing room of the Public Utilities Commission. A quorum was present.

4389 – Conanicut Marine Services, Inc. d/b/a Jamestown & Newport Ferry – Jamestown and Newport Ferry filed, on February 1, 2016, proposed ferry rates for the 2016 Season. The Division filed a memorandum noting that due to the discretionary nature of the service the Company provides, the Division does not believe a hearing is necessary to investigate the Company's filing. The Division recommended approval. The PUC noted that the Company's proposal is a modest increase and provides discretionary service. Commissioner DeSimone moved to approve the filing. Commissioner Roberti seconded the motion and the motion was unanimously passed. **Vote 3-0.**

4601 – Blackstone Valley Tourism Council – The Blackstone Valley Tourism Council, filed on February 12, 2016, proposed riverboat tour rates for the 2016 Season. The Division filed a memorandum indicating that due to the discretionary nature of the service the Company provides, it did not believe a hearing was necessary to investigate the Company's filing. The Division recommended approval. Commissioner Roberti moved to approve the filing. Commissioner DeSimone seconded the motion and the motion was unanimously passed. **Vote 3-0.**

3942 – Kent County Water Authority – Kent County Water Authority filed, on January 13, 2016, a Miscellaneous Petition for Relief. Specifically, Kent County Water requested permission to utilize certain restricted accounts to fund two capital projects: 1) for the completion of the Mishnock Transmission Main and 2) the design of the connection between the high service gradients. The Division filed a memorandum summarizing its review of the utility's petition and recommended approval. The City of Warwick filed a position statement indicating it has no objection based on the representation that the petition will have no effect on water rates at this time. The PUC agreed that Kent County Water's request is appropriate as funds will be used towards two worthwhile projects and it does not contemplate a rate increase. After review, Commissioner DeSimone moved to approve the Kent County Water Authority's Petition. Commissioner Roberti seconded the motion and the motion was unanimously passed. **Vote 3-0.**

4592 – The Narragansett Electric Co. d/b/a National Grid – The PUC reviewed the record relating to National Grid's December 9, 2015 proposed Electric Infrastructure, Safety, and Reliability Plan for FY 2017. The Plan was submitted to comply with the provisions of R.I. Gen. Laws § 39-1-27.7.1 The Plan is designed to enhance the safety

and reliability of the Company's electric distribution system. The following motions were made on outstanding issues:

1. Commissioner DeSimone noted that he was satisfied with the Division's record response regarding the police detail expense component of vegetation management. He moved to adopt the average-dollar-per mile methodology for police details which results in an adjustment of \$135,958 (reduction) to the budget, for a total vegetation management budget of \$8,719,042. Commissioner Roberti seconded the motion and the motion was unanimously passed. **Vote 3-0.**

2. Commissioner DeSimone moved to approve the ten recommendations proposed by Mr. Booth, including the one contained in the response to the record requests (which is the adjustment made to police detail). National Grid did not object to Mr. Booth's recommendation. Commissioner Roberti seconded the motion and the motion was unanimously passed. **Vote 3-0.**

3. Chairperson Curran noted that the Net Operating Loss is a known and measurable expense and should be adopted now. Commissioner Roberti agreed noting that in terms of ratemaking, we should be consistent with past practice. National Grid updated the known and measurable costs and it is appropriate to recover. Commissioner Roberti moved to approve National Grid's revised ISR revenue requirement filed on February 7, 2016 minus the \$135,958 adjustment made for vegetation management. Chairperson Curran seconded the motion and the motion was unanimously passed. **Vote 3-0.**

4. The PUC instructed that National Grid should continue to keep the Division updated on the status of their confidential negotiations with Verizon.

The total FY 2017 electric ISR revenue requirement approved is \$27,703,824 which includes an adjustment of \$135,958 associated with vegetation management and \$569,439 associated with FY 2015 Net Operating Losses.

4590 – National Grid – The PUC reviewed the record regarding National Grid's November 23, 2015 proposed Gas Infrastructure, Safety, and Reliability Plan for FY 2017. The Plan was submitted to comply with the provisions of R.I. Gen. Laws §§39-1-27.7.1. The Plan is designed to enhance the safety and reliability of the Company's natural gas distribution system. The PUC discussed outstanding issues and ruled as follows:

1. The PUC granted National Grid's motion for protective treatment of record response attachments RR-7-1 and RR-7-2. **Vote 3-0.**

2. An issue arose regarding the replacement of a pipeline-crossing sign that the Division questioned. National Grid supplied considerable information about the sign being in disrepair. Chairperson Curran was convinced by the company's position on the signs and opined that it is critical to keep up with these safety matters. She noted the Division's Consultant made it clear that the Division will keep an eye on this matter and make sure that whatever repair work is done, is prudent and in the interest of the ratepayers.

Chairperson Curran opined the Company should be allowed to restore and fix the sign. The PUC approved the budget item for the sign as the estimates provided by National Grid provided support for the budget item.

3. Commissioner Roberti referenced the Company's response to record request RR-6 relating to a pipeline crossing and the Company's collection of maintenance data to perform the Integrity Verification Program (IVP). He questioned whether the pipeline crossing required a little more work than what is currently being done given the location and age of the pipeline. He suggested the Division should look at this issue, noting the Division is the body that will ultimately determine whether the IVP efforts are satisfactory under federal regulations. Chairperson Curran concurred. Commissioner DeSimone requested clarification regarding the actual number of pipelines under the river. The PUC will follow-up with data requests on the pipelines and their characteristics. This information can guide the Division in its review as well.

4) Relying on the same arguments and rationale in the electric ISR docket, Chairperson Curran moved to include the approximate \$1.9 million deficit, caused by the Company being in a Net Operating Loss position, in the company's proposed revenue requirement. Commissioner Roberti seconded the motion and the motion was unanimously passed.

Vote 3-0.

The total FY 2017 gas ISR revenue requirement approved was \$25,586,451, which includes the \$1.9 million deficit associated with FY 2015 Net Operating Losses and an O&M expense of \$571,000.

3628– National Grid – Discussion of the docket was postponed pending receipt of outstanding data requests due March 4, 2016.

4556 – National Grid – National Grid filed, on January 20, 2016, its proposed Standard Offer Service Rates for the Industrial Group for period April 2016 through June 2016. The filing was submitted pursuant to the Company's Standard Offer Service Procurement Plan approved by the PUC on July 1, 2016. The Division file a memorandum summarizing its review and finding the filing in compliance with Order No. 21826 issued in the Standard Offer Procurement Plan, Docket No. 4490 and as modified by the PUC at the July 1, 2015 open meeting in Docket No. 4556. Commissioner DeSimone moved to approve the proposed rates as filed. Commissioner Roberti seconded the motion and the motion was unanimously passed. **Vote 3-0.**

4476 – High Sheldon Wind Farm (Company) – The Company filed, on December 24, 2013, an application for certification of the High Sheldon Wind Farm Generation Unit. The application has been on hold pending responses to information requests from the PUC's consultant. The applicant has been contacted by email and by phone and has not responded. The PUC considered the status of the application and decided to give the applicant an additional thirty days to respond as to whether it wishes to keep the application in active status or withdraw. If no reply is received from the applicant, then the PUC will consider rejecting the application.

The open meeting adjourned at 10:50 A.M.

