

May 24, 2022

**BY ELECTRONIC MAIL**

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

**RE: Docket 5206 - DG Interconnection Projects**  
**Review of Administrative Issues Related to Interconnection Process**  
**Responses to PUC Data Requests – Set 3**

Dear Ms. Massaro:

I have enclosed an electronic version of National Grid's<sup>1</sup> complete set of responses to the Rhode Island Public Utilities Commission's ("PUC") Third Set of Data Requests in the above-referenced matter.<sup>2</sup>

Thank you for your attention to this matter. If you have any questions, please contact me at 401-784-4263.

Very truly yours,



Andrew S. Marcaccio

Enclosures

cc: Docket 5205 & 5206 Service Lists  
John Bell, Division  
Jon Hagopian, Esq.

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<sup>1</sup> The Narragansett Electric Company d/b/a National Grid (National Grid or Company).

<sup>2</sup> Per a communication from Commission counsel on October 4, 2021, the Company is submitting an electronic version of this filing followed by six (6) hard copies filed with the Clerk within 24 hours of the electronic filing.

STATE OF RHODE ISLAND  
PUBLIC UTILITIES COMMISSION

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Public Utilities Commission - Review )  
of Administrative Issues Related to the ) Docket No. 5206  
Interconnection Process (The Narragansett Electric Company) )  

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**MOTION OF THE NARRAGANSETT ELECTRIC COMPANY D/B/A**  
**NATIONAL GRID FOR PROTECTIVE TREATMENT OF**  
**CONFIDENTIAL INFORMATION**

The Narragansett Electric Company d/b/a National Grid (the “Company”) hereby respectfully requests that the Public Utilities Commission (“PUC”) grant protection from public disclosure certain confidential information submitted by the Company in the above referenced docket. The reasons for the protective treatment are set forth herein. The Company also requests that, pending entry of that finding, the PUC preliminarily grant the Company’s request for confidential treatment pursuant to 810-RICR-00-00-1.3(H)(2).

The records that are the subject of this Motion that require protective treatment from public disclosure are Attachment PUC 3-2-1 and Attachment PUC 3-2-2 that were filed by the Company on May 24, 2022, as attachments to the Company’s response to PUC 3-2 in the above referenced docket. Specifically, the information in Attachment PUC 3-2-1 and Attachment PUC 3-2-2 being redacted consists of (1) a work request number; (2) an application case number; (3) a document number which is the work request number; and (4) the developer’s name (referred to herein as the “Confidential Records”). The Company requests protective treatment of the Confidential Records in accordance with 810-RICR-00-00-1.3(H) and R.I. Gen. Laws § 38-2-2(4)(A)(I)(b) and § 38-2-2(4)(B).

## **I. LEGAL STANDARD**

For matters before the PUC, a claim for protective treatment of information is governed by the policy underlying the Access to Public Records Act (“APRA”), R.I. Gen. Laws § 38-2-1 et seq. See 810-RICR-00-00-1.3(H)(1). Under APRA, any record received or maintained by a state or local governmental agency in connection with the transaction of official business is considered public unless such record falls into one of the exemptions specifically identified by APRA. See R.I. Gen. Laws §§ 38-2-3(a) and 38-2-2(4). Therefore, if a record provided to the PUC falls within one of the designated APRA exemptions, the PUC is authorized to deem such record confidential and withhold it from public disclosure.

## **II. BASIS FOR CONFIDENTIALITY**

The Confidential Records, which are the subject of this Motion, are exempt from public disclosure pursuant to R.I. Gen. Laws § 38-2-2(4)(A)(I)(b) as “[p]ersonnel and other personal individually identifiable records otherwise deemed confidential by federal or state law or regulation, or the disclosure of which would constitute a clearly unwarranted invasion of personal privacy pursuant to 5 U.S.C. § 552 et seq.” and R.I. Gen. Laws § 38-2-2(4)(B) as “[t]rade secrets and commercial or financial information obtained from a person, firm, or corporation that is of a privileged or confidential nature.” The Rhode Island Supreme Court has held that this confidential information exemption applies where the disclosure of information is likely either (1) to impair the government’s ability to obtain necessary information in the future; or (2) to cause substantial harm to the competitive position of the person from whom the information was obtained. *Providence Journal v. Convention Center Authority*, 774 A.2d 40 (R.I. 2001). The first prong of the test is satisfied when information is provided to the governmental agency and that information is of a kind that would customarily not be released to the public by the person from whom it was obtained. *Providence Journal*, 774 A.2d at 47.

In this case, the Confidential Records are commercially sensitive customer information. This type of information would not customarily be made public by the Company. As such, the information should be protected from public disclosure. Public disclosure of such information could cause harm to the Company's customers and impair the Company's ability to effectively administer distributed generation projects. Accordingly, the Company requests that the PUC grant protective treatment of the Confidential Records.

### **III. CONCLUSION**

For the foregoing reasons, the Company respectfully requests that the PUC grant this motion for protective treatment of the Confidential Records.

Respectfully submitted,

NATIONAL GRID  
By its attorney,



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Andrew S. Marcaccio (#8168)  
National Grid  
280 Melrose Street  
Providence, RI 02907  
(401) 784-4263

Dated: May 24, 2022

**CERTIFICATE OF SERVICE**

I hereby certify that on May 24, 2022, I delivered a true copy of the foregoing Motion via electronic mail to the parties on the Service List for Docket No. 5206.



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Joanne M. Scanlon

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

May 24, 2022  
Date

**Docket No. 5205** - Review of the Cost Allocation and Recovery of Ongoing Operation and Maintenance Expenses Related to the Interconnection of Distributed Generation Projects (National Grid)

**Docket No. 5206** - Review of Administrative Issues Related to the Interconnection Process (National Grid)

**Service List as of 12/28/2021**

Name/Address	E-mail Distribution	Phone
Andrew.Marcaccio, Esq. National Grid 280 Melrose St. Providence, RI 02907  Ali Atash Theresa Burns Brooke Skulley John Isberg Eric Hanlon John Kennedy Kevin Kelly Kathy Castro Timothy Roughan	<a href="mailto:Andrew.Marcaccio@nationalgrid.com">Andrew.Marcaccio@nationalgrid.com;</a>	401-784-7288
	<a href="mailto:Raquel.webster@nationalgrid.com">Raquel.webster@nationalgrid.com;</a>	
	<a href="mailto:celia.obrien@nationalgrid.com">celia.obrien@nationalgrid.com;</a>	
	<a href="mailto:Joanne.scanlon@nationalgrid.com">Joanne.scanlon@nationalgrid.com;</a>	
	<a href="mailto:Ali.atash@nationalgrid.com">Ali.atash@nationalgrid.com;</a>	
	<a href="mailto:Theresa.Burns@nationalgrid.com">Theresa.Burns@nationalgrid.com;</a>	
	<a href="mailto:brooke.skulley@nationalgrid.com">brooke.skulley@nationalgrid.com;</a>	
	<a href="mailto:john.isberg@nationalgrid.com">john.isberg@nationalgrid.com;</a>	
	<a href="mailto:eric.hanlon@nationalgrid.com">eric.hanlon@nationalgrid.com;</a>	
	<a href="mailto:john.kennedy@nationalgrid.com">john.kennedy@nationalgrid.com;</a>	
<a href="mailto:kevin.kelly2@nationalgrid.com">kevin.kelly2@nationalgrid.com;</a>		
<a href="mailto:kathy.castro2@nationalgrid.com">kathy.castro2@nationalgrid.com;</a>		
<a href="mailto:Timothy.roughan@nationalgrid.com">Timothy.roughan@nationalgrid.com;</a>		
Division of Public Utilities (Division) Jon Hagopian, Esq. 89 Jefferson Blvd. Warwick, RI 02888	<a href="mailto:jon.hagopian@dpuc.ri.gov">jon.hagopian@dpuc.ri.gov;</a>	
	<a href="mailto:John.bell@dpuc.ri.gov">John.bell@dpuc.ri.gov;</a>	
	<a href="mailto:Margaret.l.hogan@dpuc.ri.gov">Margaret.l.hogan@dpuc.ri.gov;</a>	
	<a href="mailto:Linda.george@dpuc.ri.gov">Linda.george@dpuc.ri.gov;</a>	
	<a href="mailto:gboothpe@gmail.com">gboothpe@gmail.com;</a>	

Gregory L. Booth, PE, PLS Mike Brennan Bill Watson Linda Kushner	<a href="mailto:Mikebrennan099@gmail.com">Mikebrennan099@gmail.com</a> ;	
	<a href="mailto:wfwatson924@gmail.com">wfwatson924@gmail.com</a> ;	
	<a href="mailto:Lkushner33@gmail.com">Lkushner33@gmail.com</a> ;	
Office of Energy Resources (OER) Al Vitali Nick Ucci Chris Kearns Carrie Gill Shauna Beland	<a href="mailto:Albert.vitali@doa.ri.gov">Albert.vitali@doa.ri.gov</a> ;	
	<a href="mailto:Nicholas.ucci@energy.ri.gov">Nicholas.ucci@energy.ri.gov</a> ;	
	<a href="mailto:Christopher.Kearns@energy.ri.gov">Christopher.Kearns@energy.ri.gov</a> ;	
	<a href="mailto:Carrie.gill@energy.ri.gov">Carrie.gill@energy.ri.gov</a> ;	
	<a href="mailto:Shauna.beland@energy.ri.gov">Shauna.beland@energy.ri.gov</a> ;	
SEA Advantage Jim Kennerly Stephan Wollenburg Witter Swanson Andrew Lidington Tobin Armstrong Cal Brown Tim Michelman	<a href="mailto:jkennerly@seadvantage.com">jkennerly@seadvantage.com</a> ;	
	<a href="mailto:swollenburg@seadvantage.com">swollenburg@seadvantage.com</a> ;	
	<a href="mailto:wswanson@seadvantage.com">wswanson@seadvantage.com</a> ;	
	<a href="mailto:alidington@seadvantage.com">alidington@seadvantage.com</a> ;	
	<a href="mailto:tarmstrong@seadvantage.com">tarmstrong@seadvantage.com</a> ;	
	<a href="mailto:cbrown@seadvantage.com">cbrown@seadvantage.com</a> ;	
	<a href="mailto:tmichelman@seadvantage.com">tmichelman@seadvantage.com</a> ;	
Newport Solar Doug Sabetti	<a href="mailto:doug@newportsolarri.com">doug@newportsolarri.com</a> ;	
Energy Development Partners Frank Epps	<a href="mailto:frank@edp-energy.com">frank@edp-energy.com</a> ;	
Heartwood Group Fred Unger	<a href="mailto:unger@hrtwd.com">unger@hrtwd.com</a> ;	
Kearsarge Energy LP Patricia Fennessey Alex Young	<a href="mailto:pfennessey@kearsargeenergy.com">pfennessey@kearsargeenergy.com</a> ;	
	<a href="mailto:Ayoung@kearsargeenergy.com">Ayoung@kearsargeenergy.com</a> ;	
<b>File an original w/:</b> Luly E. Massaro, Commission Clerk Cynthia Wilson-Frias, Esq. Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	<a href="mailto:Luly.massaro@puc.ri.gov">Luly.massaro@puc.ri.gov</a> ;	401-780-2107
	<a href="mailto:Cynthia.WilsonFrias@puc.ri.gov">Cynthia.WilsonFrias@puc.ri.gov</a> ;	
	<a href="mailto:Todd.bianco@puc.ri.gov">Todd.bianco@puc.ri.gov</a> ;	
	<a href="mailto:Alan.nault@puc.ri.gov">Alan.nault@puc.ri.gov</a> ;	
PPL Electric Utilities Ronald Reybitz Stephen Breininger	<a href="mailto:rjreybitz@pplweb.com">rjreybitz@pplweb.com</a> ;	
	<a href="mailto:skbreininger@pplweb.com">skbreininger@pplweb.com</a> ;	
ISO-NE Kerry Schlichting	<a href="mailto:kschlichting@iso-ne.com">kschlichting@iso-ne.com</a> ;	
Tori Scott	<a href="mailto:Victoria.Scott@governor.ri.gov">Victoria.Scott@governor.ri.gov</a> ;	
Christian Capizzo, Esq.	<a href="mailto:ccapizzo@psh.com">ccapizzo@psh.com</a> ;	

The Narragansett Electric Company  
d/b/a National Grid  
RIPUC Docket No. 5206  
In Re: Review of Administrative Issues  
Related to the Interconnection Process  
(Non-Decisional Staff Review)  
Responses to the Commission's Third Set of Data Requests  
Issued on May 3, 2022

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PUC 3-1

Request:

In Green Development's comments dated March 1, 2022, they explain that the presentation of cost estimates in the Final Accounting does not reflect the presentation of costs in the System Impact Study. Please explain whether the Final Accounting could be presented in the same format and detail level as the SIS. If not, why not?

Response:

In response to Green Development's comments, the Company would be able to change the presentation of the Final Accounting Report ("FAR") to be more aligned with the System Impact Study ("SIS") template. More specifically, the Company could break out the actual costs within the FAR into the following categories: capital, operation and maintenance, removal, and associated tax liability that has been applied to capital.

Attachment PUC 3-1, Table 1, outlines the presentation of costs as they are reported in the SIS. Table 2 identifies the costs in the FAR presented in a manner more aligned and consistent with how they are presented in the SIS.



Table 1 - Cost Estimate table to included in Impact Study Report

System Modification	Conceptual Cost +/-25% Planning Grade Cost Estimate not including Tax Liability				Associated Tax Liability Applied to Capital	Total Customer Costs includes Tax Liability on Capital Portion
	Pre-Tax Total \$	Capital	O&M	Removal		
<b>Narragansett Electric Company System Modifications</b>					X%	Total \$
Description of Distribution Line System Modifications						
Description of Distribution Substation System Modifications						
<b>SUBTOTAL</b>						
<b>Affected System Operator System Modifications</b>					X%	Total \$
Description of Affected System Modifications						
<b>Interconnecting Customer Interconnection Facilities ("ICIF")</b>					X%	Total \$
Wireless Meter Fees (One time non-refundable fees)						
	Pre-Tax Total \$	Capital	O&M	Removal	Tax	Total \$
<b>Totals</b>						

Table 2 - Actual Cost table to be included in Final Accounting Report

System Modification	Actual System Modification Costs not including Tax Liability				Associated Tax Liability Applied to Capital	Total Customer Costs includes Tax Liability on Capital Portion
	Pre-Tax Total \$	Capital	O&M	Removal		
<b>Narragansett Electric Company System Modifications</b>					X%	Total \$
Description of Distribution Line System Modifications						
Description of Distribution Substation System Modifications						
<b>SUBTOTAL</b>						
<b>Affected System Operator System Modifications</b>					X%	Total \$
Description of Affected System Modifications						
<b>SUBTOTAL</b>						
<b>Interconnecting Customer Interconnection Facilities ("ICIF")</b>					X%	Total \$
Wireless Meter Fees (One time non-refundable fees)						
<b>SUBTOTAL</b>						
	Pre-Tax Total \$	Capital	O&M	Removal	Tax	Total \$
<b>Totals</b>						

The Narragansett Electric Company  
d/b/a National Grid  
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PUC 3-2

Request:

Please provide an example of the presentation of costs in an Attachment 3 of an ISA without any identifying customer information. Please explain how a customer can trace those costs back to the presentation in the SIS.

Response:

Please reference Attachments 3-2-1 and 3-2-2.

Referencing the first bullet in Attachment 3-2-1 of the customer's ISA, it states that the total cost of facility specific system modifications on the Interconnecting Customer's (or other private) property as mentioned in Attachment 3-2-2 above: \$119,709.00 (includes capital, removal, and O&M costs). This amount is found in the first column of the first table of the SIS (Attachment 3-2-2) titled NECO – Line Work, Customer Property (pre-tax total of \$119,709.00).

Referencing the second bullet in Attachment 3-2-1 of the customer's ISA, it states that total cost of facility specific system modifications on the Company's distribution system as mentioned in Attachment 3-2-2 above is \$64,598.00 (includes capital, removal, and O&M costs). This amount is found in the first column of the second table of the SIS, titled NECO – Line Work, Mainline (pre-tax total of \$64,598).

Referencing the third bullet in Attachment 3-2-1 of the customer's ISA, it states that the total cost of facility specific system modifications (NECO) at the distribution side of the Point St. Substation as mentioned in Attachment 3-2-2 above is \$210,000.00 (includes capital, removal, and O&M costs). This amount is found in the first column of the third table of the SIS, titled NECO – Substation Work (Distribution Level) (pre-tax total of \$210,000.00).

Referencing the fourth bullet in Attachment 3-2-1 of the customer's ISA, it states that the cost of witness testing, engineering review, EMS Integration and implementation of protective device settings is \$7,500. This amount is found in the first column of the fourth table of the SIS, titled Witness Testing & EMS (pre-tax total of \$7,500.00).

Referencing the fifth bullet in Attachment 3-2-1 of the customer's ISA, it states that the tax gross-up adder on capital costs is \$39,922.00. Upon review of the fifth table of the SIS, the summation of the associated tax liabilities applied to capital amounts in previous tables is \$40,642.63. This difference is due to the SIS utilized a tax rate of 11.28%, whereas Attachment

The Narragansett Electric Company  
d/b/a National Grid  
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PUC 3-2, page 2

PUC 3-2-1 of the ISA utilized a lower tax rate of 11.08%. This associated percentage change accounts for the \$720.63 cost discrepancy between the ISA and the SIS. Being that the ISA is drafted after the SIS, this change in timing may have attributed to the change in regards to the utilized tax rate.

In addition, if a project contains potential cost sharing elements, the cost sharing amounts will not be displayed in the SIS, but will be visible in Attachment 3-2-1 (the ISA).

The Narragansett Electric Company (d/b/a National Grid)

**Exhibit H – Interconnection Service Agreement**

Modification Required Approvals or the imposition of any unsatisfactory term or condition. The Company shall not be obligated to commence the construction of the System Modifications unless and until it has received all System Modification Required Approvals in accordance with this provision, and Sections 5 and 15 of this Agreement, above, and the Company’s Terms and Conditions for Distribution Service, tariff R.I.P.U.C No. 2180, as amended from time to time.

**Attachment 3: Costs of System Modifications and Payment Terms**

At present, System Modification Costs associated with this application are: **\$441,728.00** +/- 25% and itemized as follows:

- Total cost of facility specific system modifications on the Interconnecting Customer’s (or other private) property as mentioned in Attachment 2 above: **\$119,709.00** (includes capital, removal, and O&M costs).
- Total cost of facility specific system modifications on the Company’s distribution system as mentioned in Attachment 2 above is **\$64,598.00** (includes capital, removal, and O&M costs).
- Total cost of facility specific system modifications (**NECO**) at the distribution side of the Point St. Substation as mentioned in Attachment 2 above is **\$210,000.00** (includes capital, removal, and O&M costs).
- Cost of witness testing, engineering review, EMS Integration and implementation of protective device settings: **\$7,500.**
- Tax gross-up adder on capital costs is or **\$39,922.00.** *(A 2019 tax rate of 11.08% is expected to apply to contributions in aid of construction (“CIAC”) payments received by The Narragansett Electric Company from the Interconnecting Customer, and a 2019 tax rate of 9.90% is expected to apply to CIAC payments associated with substation modifications for interconnections. The calculation of the tax gross-up adder is included in this cost estimate on the basis of tax guidance published by the Internal Revenue Service, but tax rates and decisions are ultimately subject to IRS discretion. By signing this agreement, the Interconnecting Customer understands and agrees that the tax has been estimated for convenience and that the Interconnecting Customer remains liable for all tax due on CIAC payments, payable upon the Company’s demand.*

The system modification costs were developed by the Company with a general understanding of the project and based upon information provided by the Interconnecting Customer in writing and/or collected in the field. The cost estimates were prepared using historical cost data, data from similar projects, and other assumptions, and while they are presumed valid for 60 business days from the date of the Impact /Group Study, the Company reserves the right to adjust those estimated costs as authorized under this Agreement, the Tariff, or by law and to require the Interconnecting Customer to pay any such additional costs.

The Total System Modifications Costs and the Facility System Modification Costs do not include any costs for Third Party Rights and Approvals (as defined in Attachment 2) or any Verizon system modification costs and charges (and fees for services related thereto), for which the Interconnecting Customer may be directly responsible. These costs, to the extent applicable, are in addition to the Total System Modifications Costs and the Facility System Modification Costs and must be paid directly by the Interconnecting Customer to the appropriate third party.

Additional costs may be involved if the required pole work takes place in Telephone Company Maintenance Areas. These costs will be billed directly to the Interconnecting Customer from the Telephone Company.

The Interconnecting Customer is financially responsible for the any possible charges that may occur for the new service request under the construction WR [REDACTED]

**Payment Terms:**

System Modifications Costs may be paid in full if less than \$25,000, or if greater than \$25,000 in scheduled payments (per Section 5.5 of R.I.P.U.C No. 2180):

- The first payment (10%) of **\$44,173.00** is due when the Exhibit H-Interconnection Service Agreement is returned to the Company with Interconnecting Customer signature. The invoice, including payment instructions, will be sent to the Interconnecting Customer. Proof of payment is required.
- The second payment (15%) of **\$66,259.00** is due within 15 business days from the receipt of the second payment invoice. The second invoice will be sent when National Grid reaches that point in design when long-lead time material items are ready to be ordered. An invoice, including payment instructions, will be sent to the Interconnecting Customer.

<b>nationalgrid</b>	<b>DISTRIBUTION PLANNING DOCUMENT</b>				Doc. RI- [REDACTED]	
	<b>Interconnection Study</b>				Page 27 of 37	
	<b>Complex Generating Facility-RIPUC2163</b>				Version 2.0 05/02/2019	
	<b>[REDACTED] 3,000kW rating, Wind Turbine Harborside Blvd., Providence, RI 02905</b>				<b>FINAL</b>	

## 9.0 Cost Estimate

The non-binding good faith cost planning grade estimate for the Company's work associated with the interconnection of this Facility to the EPS, as identified in this report, is shown below in Table 6:

National Grid System Modification	Conceptual Cost +/-25% Planning Grade Cost Estimate not including Tax Liability				Associated Tax Liability Applied to Capital	Total Customer Costs includes Tax Liability on Capital Portion
	Pre-Tax Total	Capital	O&M	Removal		
<b>NECO - Line Work, Customer Property</b>					11.28%	Total
Equipment at Point of Common Coupling. See Note #2	117,709.00	\$117,709.00	\$0.00	\$0.00	13,277.58	130,986.58
Protective Device Changes. See Note # 3	2,000.00	\$0.00	\$2,000.00	\$0.00	0.00	2,000.00
<b>SUBTOTAL</b>	<b>\$119,709.00</b>	<b>\$117,709.00</b>	<b>\$2,000.00</b>	<b>\$0.00</b>	<b>\$13,277.58</b>	<b>\$132,986.58</b>

NECO - Line Work, Mainline	Pre-Tax Total	Capital	O&M	Removal	11.28%	Total
Installation of Mid-Line Equipment. See Note #4	\$64,598.00	64,598.00	0.00	0.00	7,286.65	71,884.65
<b>SUBTOTAL</b>	<b>\$64,598.00</b>	<b>\$64,598.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$7,286.65</b>	<b>\$71,884.65</b>

NECO - Substation Work (Distribution Level)	Pre-Tax Total	Capital	O&M	Removal	11.28%	Total
Installation of One DTT Scheme. See Note #5	\$208,000.00	\$178,000.00	\$30,000.00	\$0.00	\$20,078.40	\$228,078.40
Protective Device Changes. See Note # 6	\$2,000.00	\$0.00	\$2,000.00	\$0.00	\$0.00	\$2,000.00
<b>SUBTOTAL</b>	<b>\$210,000.00</b>	<b>\$178,000.00</b>	<b>\$32,000.00</b>	<b>\$0.00</b>	<b>\$20,078.40</b>	<b>\$230,078.40</b>

Witness Testing & EMS	Pre-Tax Total	Capital	O&M	Removal	NA	Total
Witness Testing For RI-25547260. See Note #7	\$2,500.00	NA	\$2,500.00	NA	NA	\$2,500.00
EMS integration for RI-25547260. See Note #8	\$5,000.00	NA	\$5,000.00	NA	NA	\$5,000.00
<b>SUBTOTAL</b>	<b>\$7,500.00</b>	<b>\$0.00</b>	<b>\$7,500.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$7,500.00</b>

	Pre-Tax Total	Capital	O&M	Removal	Tax	Total
<b>Totals</b>	<b>\$401,807.00</b>	<b>\$360,307.00</b>	<b>\$41,500.00</b>	<b>\$0.00</b>	<b>\$40,642.63</b>	<b>\$442,449.63</b>

**Notes**

1. Definition of abbreviation: NECO-Narragansett Electric Co.
2. Install Five (5) poles, One (1) PCC Recloser, One (1) Load Break, and approximately 300 feet of 3-phase conductor.

PRINTED OR DOWNLOADED COPIES ARE NOT DOCUMENT CONTROLLED.		
File: SP. RI- [REDACTED] App File 2018-05-09 RI- [REDACTED]-SIS-DRAFT	Originating Department: Distribution Planning & Asset Management – New England	Sponsor: Customer Energy Integration -NE

PUC 3-3

Request:

In Docket No. 5235, Green Development's response to Division 1-5 includes an attachment that provides a Nooseneck Duct Bank Cost Summary to support its costs associated with the duct bank self-build. The table includes the budgeted costs, costs spent to date, estimated cost remaining, and total estimated cost at completion.<sup>1</sup>

- a. Is the detail within Green's attachment the level of detail at which TNEC makes decisions regarding cost sharing for the purpose of shared system modifications and/or system improvements?
- b. Will Narragansett require additional information from Green Development to assess and collect costs from other interconnecting customers? If so, what additional information will be required?
- c. If Narragansett is requiring this level of detail, why does National Grid provide a lower level of detail in its cost estimates and final accounting?
- d. Would it be possible to provide this level of detail to an interconnecting customer in the final accounting and/or as the project progresses? If not, why not?
- e. If the response to 3-3.d is in the affirmative, would any additional costs be incurred?
- f. If the response to 3-3.d is in the negative, is there a standard form used for internal cost tracking purposes that could be presented in a single document format that provides similar detail? If so, please provide a copy. If not, please explain.

Response:

- a. No, the details provided are not sufficient and only provide part of the information needed to determine cost sharing. Understanding the context behind the numbers are just as important or in some cases more important.

The provided costs are underpinned by Green Development's work methods and procurement procedures. It does not separate premium costs that were incurred at the sole benefit of Green Development. When looking at the work methods, their work schedule was based on five days per week, 24 hours of construction per day with restoration on the sixth day. They ran back-to-back 12-hour shifts from September 2021 to April 2022. This is a very aggressive schedule that comes with a cost premium ranging from 25 percent to 30 percent. The Company informed Green Development, via

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<sup>1</sup> <http://www.ripuc.ri.gov/eventsactions/docket/5235-GreenDev-DR-DIV1%204-15-22.pdf>

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e-mail dated September 3, 2021, the incremental cost that solely benefit Green Development should not be passed on to other developers.

Planned utility projects generally do not have long duration (many months) of 24-hour construction. Permit restrictions may require night/off hours work but do not typically stipulate around-the-clock construction. There are unique situations that result in short duration 24-hour construction, emergency repairs, cable splicing and curing, directional drills, pull back, micro tunnel drilling, etc. The Company is not aware of a permit conditions or unique situations that required around-the-clock construction and does not believe the cost premium of such work should be passed on to other developers, unless Green can justify why this approach was appropriate.

The Company uses a competitive bid process to award work to vendors; work is awarded to a Contractor of Choice ("COC") or through project-specific bids. The COC contract is units-based that was established with competitive bids. Some projects, generally larger complex ones, get awarded through project-specific bids. Either way, the competitive bid process eliminates vendors who propose suboptimal means and methods that increase costs, such as 24-hour construction without providing value.

Additionally, the data provided by Green Development does not separate cost associated with rework. On this project, a representative of Green Development chose to install manholes and vaults, against the advice of the Company's Construction Supervisor, and not in accordance with the Rhode Island Department of Transportation's ("RIDOT") or the Company's standards. This resulted in the replacement of the vaults. If a Company contractor willfully installed vaults incorrectly, the Company would enforce the terms and conditions of the contract and require the contractor to correctly replace the vaults at the sole cost of the contractor. The Company does not believe it is appropriate for this type of rework costs, associated with willful neglect, to be passed onto other developers.

- b. Yes, the Company would require additional information. The required additional information is:
  - i. Green Development to explain the rationale for around-the-clock/off hours construction
  - ii. The data shows ten vendors each paid more than \$50,000. Green Development needs to document and explain their contracting philosophy. If competitive bids were not utilized, explain why these costs should be passed onto other developers and explain how costs are managed.

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- iii. Green Development to provide cost breakdown that separates all costs into base cost and cost premiums (over time, night differentials, etc.). Additionally, Green Development needs to provide assurance that the cost associated with rework are not passed on to other developers. Finally, the Company is evaluating process options for cost verification. .
- iv. Green Development to explain all the various estimates/numbers provided from June 2020 through the latest submittal on May 5, 2022.
  - 1. Original estimate, provided on June 2020, from Green Development was approximately \$9 million (page 1 of 62 GD WC Noosneck Ductbank Estimate.pdf); it should be noted this estimate includes other costs such as the overhead bridge crossings and ductbank cable installation that are not in the current reconciliation.
    - a. Using this estimate, the Company concluded the Green Development current scope manhole and ductbank civil estimate was approximately \$6 million.
  - 2. The first time the Company became aware of costs greater than approximately \$6 million was when Green Development provided an approximately \$13.6 million estimate, dated December 16, 2021, on December 17, 2021.
  - 3. The January 18, 2022 cost reconciliation, provided on January 19, 2022, projects a Total Budget Cost of \$14.2 million with a Total Estimate at Completion of \$14.9 million.
    - a. Page 60 in the reference document, <http://www.ripuc.ri.gov/eventsactions/docket/5235-GreenDev-DR-DIV1%204-15-22.pdf> dated April 15, 2022, shows Total Budgeted cost of \$14.2 million with a Total Estimate at Completion of \$14.9 million.
  - 4. The current manhole and ductbank (civil only) cost reconciliation, provided by Green Development on May 5, 2022, shows at the same Total Budget of as the January 18 document, but Green Development stated the number did not include OH&P.
    - a. Green Development stated “The original budget for the project was \$14,234,991.26 without the 10% OH&P.” This is the first reference, that the Company can find where the Total Budget and Total Cost at Completion did not include overheads and profits.



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- b. Green Development wants to add an additional \$1.18 million to the actuals.
- 5. The Company needs Green Development to explain all the various estimates/numbers provided, as well as clearly justifying why the totals did not include overheads and profits. In addition, Green Development needs to explain the drivers/changes that caused the cost increases.
- c. The Company provides a rollup of the accounting information due to cost competitive confidential information within the detailed levels (rates, inferred productivity, material costs, etc.) which is not suitable for public release. These numbers are underpinned by the Company's processes (i.e., procurement, construction, and systems such as SAP). These, as well as more detailed actuals, could be provided to the PUC with a request for confidential treatment.
- d. Green Development's estimate is based on the final design and not the ISA estimate that the tariff requires the Company to develop and provide to developers. It would be possible to track additional information if required; however:
  - 1. It would only be possible if the estimate was developed after Final Design and permits are issued.
  - 2. The Company would need to resolve how confidential information is to be treated.
  - 3. It would necessitate changes to current processes and contracts.
  - 4. It would require changes to information the Company's contractors report. For example, the use of competitively-awarded lump sum/unit priced-based contracts eliminate the value in tracking construction productivity details. This means that if the contractor has to put additional resources on the project to meet the original schedule, the Company's costs do not change. The use of lump sum and unit-based contracts transfers productivity risks to the contractor performing the work and not to the Company's customers.
  - 5. Likely requires additional internal resources to monitor and track the additional information.
- e. Yes. Most likely there will be additional costs incurred internally and externally with the Company's contractors; however, the Company would not recommend this approach as other more cost-effective measurements described above are adequate.
- f. See the response to part d above.

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PUC 3-4

Request:

In Revity's comments, they sought additional clarity around the following categories: Labor, Expenses and Fringes; Materials and Handling; Transportation; and Overhead. Please provide a detailed definition of each category, including formulas for imputed costs where applicable, and an example that includes itemization.

Response:

Direct labor is the individual's total hours that are applied to a work order, times an average departmental rate.

Labor burdens (expenses & fringes) are indirect costs to labor expenses. They include expenses such as: pension, other post-retirement benefits, post-employment benefits, payroll taxes, healthcare insurance, group life insurance, 401(k) match (Thrift), worker's compensation, vacation/paid time off, and variable pay for both management & union employees.

Material burdens are the storage and handling expenses for inventory held in warehouses. The material burden accounts include the cost incurred in the operation of general storerooms, including supervision and labor expenses, purchasing, storage, handling, and distribution of materials and supplies.

Transportation costs are comprised of fleet charges for various vehicles. More specifically, the rates are fully loaded to include the annual forecasted cost of vehicle ownership – including lease cost, fuel, general maintenance and repair, registration, inspections. A standard hourly rate to recover the annual costs is developed by forecasting vehicle time/entry data.

Capital overhead represents indirect costs to capital expenditures. It consists of a collection of costs which are incurred to construct and place in service capital assets that cannot reasonably be attributed to a single asset. Costs may include but are not limited to engineering, supervision, general office salaries and expenses, law expenses, insurance, injuries and damages, relief and pensions, taxes and interest associated with construction and engineering services.

Administrative and general (A&G) expenses represent the overall administrative costs of managing all aspects of the Company's business (e.g., Finance, Accounts Payable and Accounts Receivable).

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PUC 3-5

Request:

Please explain the methodologies Narragansett uses to outsource projects or project components.

Response:

The Company's Resource Management group collaborates with the Operations group on the decision whether to use internal or external resources for a project. Many factors are considered and evaluated including, but not limited to, project size, scope, internal resource availability, workload, schedule requirements, and work constraints (internally and externally).

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PUC 3-6

Request:

Please explain when Narragansett seeks competitive bids for a project's interconnection work (please provide the criteria).

- a. What is the level of project detail included in the request for proposals?
- b. Do factors like geography factor into the decisions to issue a competitive bid and the selection of a vendor?
- c. How does Narragansett evaluate the bids for contracting?
- d. Under what circumstances would Narragansett not choose the lowest cost bidder?
- e. What resources does Narragansett provide as part of an award? If this is standard for awards, please note that.

Response:

In fiscal year 2022, all distribution/civil construction type work were sourced via a competitive bid process.

- a. The exact level of detail within the bid package may vary slightly from project to project, however at a minimum, the Company requires the Draft Terms and Conditions, Statement of Work/Schedule requirements, Pricing Workbook, Technical Specifications, and Drawings, Appendices (i.e., environmental, outage, testing and commissioning, survey, geotechnical requirements).
- b. No. Geography does not factor into the decision to issue a competitive bid/selection of the vendor. The Company would consider vendors outside the region, however past history has shown that these vendors are usually not cost-effective.
- c. Vendors need to comply with the RFP requests (scope and schedule) to be considered compliant. Then, the Company utilizes a weighted scoring criteria based on numerous items including, but not limited to, project methodology, resourcing, schedule compliance, and commercial components. There are also other items which help qualify the contractors list which would include items such as work quality, historic safety record, responsiveness, etc.

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- d. The low-cost bidder may not be selected based on the following: if the vendor does not comply with specific performance requirements (scope and schedule), if the weighted evaluation process indicates non-low bidder provides better value.
- e. The Company's interpretation of this question is to identify what "resources" it would provide as part of the different sourcing methods.

Engineer Procure Construct – Performance specification, permitting/environmental consultation, construction supervision for compliance with specification.

Design Bid Build – Construction supervision, Permit constraints, Community outreach, major permits, major equipment.

CoC (Contractor of Choice)/Lump Sum – Construction supervision, permitting/environmental support, engineering support, major equipment.

Generally, materials are sourced by both the Company and the contractor. Depending upon the project specific materials, the Company usually orders/procures the customized items such as manholes, specialty electric equipment, etc. The contractor is responsible for the smaller more readily available items such as conduit, marking tape, etc.

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PUC 3-7

Request:

Under what circumstances are projects not competitively bid? For projects where Narragansett does not seek competitive bids, is the interconnection work performed by Narragansett/National Grid Service Company employees? Under those circumstances, please explain how the materials are procured (sole source, equivalent of master price agreement, etc.) and how the labor costs are estimated and tracked.

Response:

Non-standard utility work, such as pilot programs, may not be able to be competitively bid; however, the Company looks to competitively bid standard construction work. Specifically for fiscal year 2022, all distribution/civil construction work were competitively bid. Generally, materials are sourced by both the Company and the contractor. Depending upon the project specific materials, the Company usually orders/procures the customized items such as manholes, specialty electric equipment, etc. The contractor is responsible for the smaller more readily available items such as conduit, marking tape, etc.

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PUC 3-8

Request:

If an outside vendor is used to perform the interconnection work in a non-competitive bid situation, please explain how the Company estimates the cost of the project, how vendors are qualified and chosen to perform the work, and how the materials are procured, how final accounting of the project is executed between Narragansett and the vendor, and the level of detail Narragansett receives from the vendor.

Response:

Specifically, for fiscal year 2022, all construction work was competitively bid.

Only minor scopes (less than \$20,000) can be awarded to an external vendor through a non-competitive bid, without Director approval. These minor scope assignments are not tracked but we have not identified any that occurred in FY2022.

Regardless, the Company's process for estimates, vendor qualifications, material procurement and final accounting remain the same for procurement of external vendors for minor scope.

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PUC 3-9

Request:

Has Narragansett ever disputed budgets or final costs of an interconnection project with a vendor?

Response:

The Company has not disputed the final costs of any complex construction interconnection project. All vendor requests for change orders are reviewed, negotiated, and agreed upon through the Company's Contract Management Department. Change requests are disputed and final negotiated costs memorialized by a Change Order and included in the final cost of the project.



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PUC 3-10

Request:

Is there any difference in the procurement of civil engineering/construction versus electric engineering/construction? If so, please explain.

Response:

The only difference would be the lead (prime) contractors to which the competitive bid would be issued.