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September 21, 2022

VIA 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
Supplemental Response to PUC 6-5

Dear Ms. Massaro:

On behalf of The Narragansett Electric Company d/b/a Rhode Island Energy (the "Company"), enclosed please find the electronic version of the Company's supplemental response to PUC 6-5 in the above-referenced matter.

The supplemental version of PUC 6-5 adds an illustrative example to the actual figures and amounts that were previously provided by the Company in response to PUC 6-5. The purpose of adding the illustrative example is to provide an example without redactions. The Company reiterates its Motion for Protective Treatment dated September 8, 2022 in connection with the actual figures and amounts.

Thank you for your attention to this transmittal. If you have any questions, please contact me at 401-784-7263.

Sincerely,

A handwritten signature in blue ink, appearing to read "Andrew S. Marcaccio".

Andrew S. Marcaccio

Enclosure

cc: Docket 5205/5206 Service List
Jon Hagopian, Esq.
John Bell, Division

PUC 6-5 Supplemental

Request:

Please explain the inventory process for calculating unit costs and how items get charged to capital projects. Is this the same process used for the ISR capital projects and customer driven projects?

Original Response:

- On March 21st – 10 rolls were received at \$ [REDACTED]
 1. 10 units at \$ [REDACTED] (starting inventory)
 2. Lot cost for 10 units received was \$ [REDACTED]
 3. Inventory level after receipt of 10 units was 20
 4. Unit price of \$ [REDACTED] = ([REDACTED])/(10+10)
- Stock issued
 5. March 21st 5 rolls were issued
 6. March 30th 5 rolls were issued
 7. May 12th 5 rolls were issued
 8. Remaining 5 units with inventory value of \$ [REDACTED]
- On May 18th, 10 rolls were received
 9. 10 units at in \$ [REDACTED] (units received)
 10. New inventory level 15 units
 11. New unit price of \$ [REDACTED] = ([REDACTED])/(5+10)

Figure (1)
Stock Card and Inventory Material Report for 50-yard roll of
120 Grid Aluminum Oxide sandpaper

REDACTED

PUC 6-5 Supplemental, page 2

Supplemental Response:

The inventory process is managed through Central Distribution Centers. When stock materials are purchased, they are charged and stored in the Central Distribution Center until they are issued to specific projects.

When the Company moves inventory from a Central Distribution Center to a capital project, a transaction occurs to move the cost of the material from inventory to the project. The transaction is calculated based on the moving average price of each item; use of the moving average price explains why an invoice for each item cannot be produced.

For illustration, a sample "widget" was chosen. The sample below shows how the widget unit cost changed from \$15,503.54 on March 21 to \$20,061.19 on May 18.

- On March 21 – 10 new units were received with a lot cost of \$182,910.50 (\$18,291.05 per unit)
 1. 10 units initially in inventory for \$127,160.30 (starting inventory)
 2. Lot cost for 10 units received was \$182,910.50
 3. Inventory level after receipt of 10 units was 20
 4. Unit price of \$15,503.54 = $(\$127,160.30 + \$182,910.50) / (10+10)$

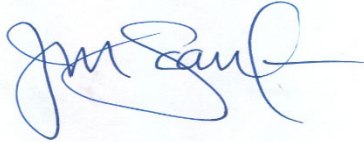
- Stock issued
 5. March 21, 5 units were issued
 6. March 30, 5 units were issued
 7. May 12, 5 units were issued
 8. Value of remaining 5 units in inventory is \$77,517.70

- On May 18, 10 rolls were received
 9. 10 units were received for \$223,400.10 (unit cost of \$22,340.01)
 10. New inventory level 15 units
 11. New Unit price of \$20,061.19 = $(\$77,517.70 + \$223,400.10) / (5+10)$

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

September 21, 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 8/11/2022

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