

**State of Rhode Island**

**Public Utilities Commission**

**Minutes of Open Meeting Held on March 23, 2022**

An Open Meeting of the Public Utilities Commission (Commission or PUC) was held Wednesday, March 23, 2022, at 3:00 P.M. in Hearing Room A, 89 Jefferson Boulevard, Warwick, Rhode Island to discuss, deliberate, and/or vote on the following dockets.

In attendance: Chairman Ronald Gerwatowski, Commissioner Abigail Anthony, Commissioner John Revens, Patricia Lucarelli, Alan Nault and Todd Bianco.

- I. Chairman Gerwatowski called the Open Meeting to order at 3:00 P.M. A quorum was present
  
- II. **Docket No. 5073 – Retail Energy Supply Association (RESA) and The Narragansett Electric Co. d/b/a National Grid** – This docket relates to the implementation of a Purchase of Receivables Program (POR). The Commission approved the POR on July 27, 2021 and Narragansett Electric’s Terms and Conditions on December 21, 2021. At this meeting, the Commission considered Narragansett Electric’s Terms and Conditions for Municipal Aggregators and Terms and Conditions for Nonregulated Power Producers compliance filed with the Commission on December 23, 2021. Chairman Gerwatowski moved to approve the Narragansett Electric’s compliance filing. Commissioner Anthony seconded the motion and the motion was unanimously passed. **Vote 3-0.** The proposed effective date is April 1, 2022 as requested by National Grid on February 9, 2022 and agreed to by the parties.
  
- III. **Docket No. 3476 – The Narragansett Electric Co. d/b/a National Grid** – The docket relates to Narragansett Electric’s Service Quality Plan for its gas operations. The Company submitted on November 4, 2021, a petition to modify certain service quality measures within the Gas Service Quality Plan effective for FY 2022.

Commissioner Anthony found the company did not make a compelling case for the requested change to the performance incentive metrics. She suggested that the PUC reject the proposals noting that when the company wants to propose changes to their service quality metrics, it is expected that the PUC will take a complete and comprehensive review of the proposal. A complete review would include an evaluation of proposed modifications to reduce or eliminate inconsistency with the principles that were adopted by the PUC in the guidance on principles for the development of performance incentive mechanisms. Commissioners Gerwatowski and Revens concurred.

After review, Commissioner Anthony moved to reject the four proposed changes to the gas service quality metrics requested in the petition. Commissioner Revens seconded the motion and motion passed. **Vote 3-0.**

IV. **Renewable Energy Resource Eligibility Applications** – The Commission reviewed and voted on the applications submitted in the following dockets.

In the first four Dockets 5211, 5219, 5220 and 5221, below, PUC consultant recommended conditional approval of the applications subject to the applicants submitting documentation verifying achievement of commercial operation. Chairman Gerwatowski moved to accept PUC consultant recommendations to conditionally approved the applications. Commissioner Anthony seconded the motion and the motion unanimously passed. **Vote 3-0.**

**Docket No. 5211 – Diamond Hill Rd., LLC’s** application for eligibility of the 3100 DHR Solar Phase II generation unit, an 81 kW AC (115.20 kW DC) solar facility located in Cumberland, Rhode Island as a New Renewable Energy Resource.

**Docket No. 5219 – Berkley Business Center LLC’s** application for eligibility of the 30 Martin St Rooftop Solar generation unit, a 499.50 kW AC (680.85 kW DC) solar facility located in Cumberland, Rhode Island as a New Renewable Energy Resource.

**Docket No. 5220 – South Road Solar, LLC’s** application for eligibility of the South Road Solar 1 generation unit, a 1.320 MW AC (1.808 MW DC) solar facility located in East Greenwich, Rhode Island as a New Renewable Energy Resource.

**Docket No. 5221 – South Road Solar, LLC’s** application for eligibility of the South Road Solar 2 generation unit, a 3.060 MW AC (3.641 MW DC) solar facility located in East Greenwich, Rhode Island as a New Renewable Energy Resource.

**Docket No. 5223 – Golden Solar, LLC’s** application for eligibility of the Golden Solar, LLC generation unit, a 2.20 kW AC (3.30 kW DC) solar facility located in St. Johnsbury, Vermont as a New Renewable Energy Resource. PUC consultant recommended full approval of this application. Chairman Gerwatowski moved to accept PUC consultant recommendation to approve the application. Commissioner Anthony seconded the motion and the motion unanimously passed. **Vote 3-0.**

V. **Docket No. 5239 – XCast Labs, Inc. (Company)** – The Company submitted an application for approval as a Class VI Telecommunication Supplier (VoIP services). The application included a request for confidential treatment of the Company’s financial statements. The Division submitted a memo finding the application conforms w/ filing requirements and supports approval of the application.

After review, Chairman Gerwatowski moved to approve the request for confidential treatment. Commissioner Revens seconded the motion. The motion unanimously passed. **Vote 3-0.**

Chairman Gerwatowski moved to accept the Division's recommendation to approve the application. Commissioner Revens seconded the motion. The motion unanimously passed. **Vote 3-0.**

VI. **Docket No. 5210 –The Narragansett Electric Co. d/b/a National Grid -** This docket relates to Narragansett Electric's Gas Infrastructure, Safety and Reliability Plan for FY 2023.

The Commission deferred decision until next Open Meeting on March 29, 2022. No votes were taken. The Commission reviewed and deliberated on two outstanding ratemaking issues.

- a) Proactive Main Replacement Program, referred as the abandonment issue – Concern was raised that when the company installs and pressurizes a new section of main, the existing main may not be fully abandoned in a timely manner. The question was raised whether it is appropriate to place the new main in rate base when the existing main has not yet been fully abandoned.

The purpose of this program is to achieve the benefits of safety, reliability and reduced greenhouse gas emissions into the environment. These benefits are not achieved by the new main until the old, leak prone main is fully abandoned, as long as the old main remains in service the goals of the program have not been met. During much of the COVID period, the Company had many miles of older, leak prone mains still in service despite having installed new main gassed in adjacent to the old mains. The Company proposed to place in rate base (using a half year convention) any main installed and pressurized during FY 2023. These mains would be included in rate base regardless of whether the adjacent existing main was fully abandoned. It appeared that the Company had little incentive to abandon the existing miles of main in a timely manner.

In his review, the Chairman focused on the ratemaking principle of the used and useful standard and how it should be applied in this situation. He opined that the goal of the replacement program was to improve safety, increase reliability and reduce greenhouse gas emissions. Since the old mains were not being abandoned in a timely manner, safety and reliability were not improved and greenhouse gas emissions were not reduced for those sections of main that were not abandoned. Thus, the goals of the program were not met and those related sections of new main could not be considered used and useful and should not be included in rate base. He suggested extending the hearing until next month for further examination on this issue. Ultimately, the Commission would establish the principle or rule that would inform when new main could be placed into rate base.

The Commission deferred ruling on the pending ISR until the next Open Meeting. The Chairman was inclined to conditionally allow the suggested revenue requirement subject to refund and further examination.

- b) Enbridge gas heaters - This issue relates to the construction and transfer by Enbridge of gas heaters to the Company and the associated cost of \$10 million that would be placed into rate base. The Commission expressed frustration with the Company's lack of testimony and analyses, and discrepancies on the issues of cost. The Commission has more questions on the allocation of costs and ownership of the gas heaters.

With regard to the pending ISR plan, the Chairman suggested the proposed revenue requirement be allowed subject to refund. He also suggested that the company be required to file further justification in the form of testimony by May 1. The Commission will hold a hearing before it makes a definitive decision on the prudence and the recovery of the proposed investment.

Commissioner Anthony commented on the need to see a value case for these investments. The value case, in particular, should be a comparison of the incremental benefits and incremental costs of building and owning these heaters. Further, the company should very clearly identify the baseline against which the benefits are measured. Commissioner Revens concurred that more information was needed before deciding.

Also, the Commission commented that the company (or PPL) needs to begin considering Act on Climate issues and the implications it will have on the gas system in Rhode Island.

- VII. There being no further business to discuss, the Chairman adjourned the Open Meeting at 3:42 P.M. A web video of the Open Meeting discussion can be accessed at <https://video.ibm.com/recorded/131522619>.