## STATE OF RHODE ISLAND PUBLIC UTILITIES COMMISSION

IN RE: THE NARRAGANSETT ELECTRIC COMPANY	:
d/b/a NATIONAL GRID'S ELECTRIC	:
INFRASTRUCTURE, SAFETY, AND RELIABILITY	: DOCKET NO. 4995
PLAN FY 2021 PROPOSAL	:

#### **REPORT AND ORDER**

### I. National Grid's Filing

On December 20, 2019, The Narragansett Electric Company d/b/a National Grid (National Grid or Company) filed with the Public Utilities Commission (Commission) its proposed Electric Infrastructure, Safety, and Reliability Plan (Electric ISR Plan) for FY 2021.<sup>1</sup> National Grid indicated that the Division of Public Utilities and Carriers (Division) had reviewed the proposed Electric ISR Plan and the Electric ISR Plan reflected a consensus between National Grid and the Division.<sup>2</sup> On January 31, 2020, National Grid filed an

<sup>&</sup>lt;sup>1</sup> R.I. Gen. Laws § 39-1-27.7.1 states, in relevant part, that National Grid shall file proposals with the Public Utilities Commission that contain:

An annual infrastructure, safety and reliability spending plan for each fiscal year and an annual rate reconciliation mechanism that includes a reconcilable allowance for the anticipated capital investments and other spending pursuant to the annual pre-approved budget as developed in accordance with [the following:] Prior to the beginning of each fiscal year, gas and electric distribution companies shall consult with the division of public utilities and carriers regarding its infrastructure, safety, and reliability spending plan for the following fiscal year, addressing the following categories: (1) Capital spending on utility infrastructure; (2) For electric distribution companies, operation and maintenance expenses on vegetation management; (3) For electric distribution companies, operation and maintenance expenses on system inspection, including expenses from expected resulting repairs; and (4) Any other costs relating to maintaining safety and reliability that are mutually agreed upon by the division and the company. The distribution company shall submit a plan to the division and the division shall cooperate in good faith to reach an agreement on a proposed plan for these categories of costs for the prospective fiscal year within sixty (60) days. To the extent that the company and the division mutually agree on a plan, such plan shall be filed with the commission for review and approval within ninety (90) days. If the company and the division cannot agree on a plan, the company shall file a proposed plan with the commission and the commission shall review and, if the investments and spending are found to be reasonably needed to maintain safe and reliable distribution service over the short and long-term, approve the plan within ninety (90) days.

The FY 2021 Electric ISR Plan (Electric ISR Plan) and all of the documents referenced herein can be found on the Commission's website at: <u>http://www.ripuc.ri.gov/eventsactions/docket/4995page.html</u>. <sup>2</sup> Filing Letter at 1 (Dec. 20, 2019).

updated revenue requirement to reflect the effect of its federal tax returns, filed in December 2019. The result was an increase in the proposed ISR revenue requirement of \$638,697.<sup>3</sup>

On March 18, 2020, after conducting discovery and a hearing, the Commission approved the FY 2021 Electric ISR Plan, filed on December 20, 2019, and the revised revenue requirement, filed on January 31, 2020, but ordered that the \$2 million proposed for Advanced Capacitor/Regulator Controls and Feeder Monitor Sensors and Advanced Recloser Controls in the Strategic Distributed Energy Resources Program should be moved from the System Capacity Performance category to the non-discretionary Customer Request/Public Requirements category for socialization. The approved revenue requirement was \$32,941,518, resulting in an incremental fiscal year upward rate adjustment of \$15,373,761. This will support a FY 2021 Electric ISR Plan capital budget of \$103,750,000, a vegetation management budget of \$10,600,000, an infrastructure and maintenance (I&M) budget of \$1,035,000, and other operations and maintenance (O&M) expense of \$456,633.<sup>4</sup>

#### A. Electric ISR Plan

In support of the Electric ISR Plan, National Grid submitted the direct testimony of National Grid Service Company employees Patricia C. Easterly, Director, New England Electric Performance and Planning; Ryan A. Moe, Lead Specialist in Vegetation Strategy; and Kathy Castro, Engineering Manager in the Distribution Planning and Asset Management Department (collectively, the plan witnesses). In support of the development of the revenue requirement and to explain the reconciliation process, National Grid Service Company submitted the direct testimony of its employee Melissa A. Little, Director of New England Revenue Requirements. In support of the new tariffs and to explain the calculation of the

<sup>&</sup>lt;sup>3</sup> Revised Revenue Requirement (Jan. 31, 2020).

<sup>&</sup>lt;sup>4</sup> Id.; Easterly, Moe, and Castro Joint Test. at 14-19 (hereinafter "Joint Test.").

factors and provide customer bill impacts, National Grid Service Company submitted the direct testimony of its employee Adam S. Crary, Senior Analyst for Electric Pricing.

The plan witnesses indicated that the proposed Electric ISR Plan covered four budget categories for the fiscal year ending March 31, 2021: capital spending on infrastructure projects; O&M for vegetation management; I&M; and Volt/Var Optimization and Conservation Voltage Reduction Expansion (VVO/CVR).<sup>5</sup> They explained that the Electric ISR Plan included a spending plan and proposed an annual reconciliation mechanism to "provide for recovery related to capital investments and other spending undertaken pursuant to the annual pre-approved budget for the Electric ISR Plan."<sup>6</sup>

The proposed capital spending plan for FY 2021 was \$103.8 million.<sup>7</sup> According to the plan witnesses, the Electric ISR Plan addressed the capital investment needed for five specific purposes: to meet state and federal regulatory requirements applicable to the electric system (Customer Request/Public Requirement); to repair failed or damaged equipment (Damage Failure); to address load growth/migration; to maintain reliable service (System Capacity and Performance); and to sustain asset viability through targeted investments driven primarily by condition (Asset Condition).<sup>8</sup> Of these, the Company considers Customer Request/Public Requirements and Damage Failure to be non-discretionary "in terms of scope and timing" and "subject to necessary and unavoidable deviations."<sup>9</sup> These items, totaling \$36,905,000, account for 35.6% of the proposed capital outlays in FY 2021.<sup>10</sup>

<sup>6</sup> *Id*.

<sup>&</sup>lt;sup>5</sup> Joint Test. at 7.

<sup>&</sup>lt;sup>7</sup> *Id.* at 8. <sup>8</sup> *Id.* at 10, 13-14.

<sup>&</sup>lt;sup>9</sup> *Id*. at 10, 13-

<sup>10.11</sup> 

<sup>&</sup>lt;sup>10</sup> *Id*. at 14.

The remaining categories, System Capacity and Performance, Asset Condition, and Non-Infrastructure, are meant to reduce the degradation of the service life of equipment, allow for more flexibility in the system for purposes of meeting various contingencies such as load growth and migration, and address poor condition of aged assets.<sup>11</sup> These items together comprised the other 64.4% of the FY 2020 budget.<sup>12</sup> A single large project, the Southeast Substation asset condition project, had a budget of \$10,080,000, or 9.7% of the total FY 2021 Electric ISR budget. Because of its size, consistent with the treatment of the South Street Substation project in prior ISR plans, the multi-year Southeast Substation project budget will continue to be managed separately from the overall discretionary budget.<sup>13</sup>

The Electric ISR Plan also included the proposed FY 2021 spending levels for the Company's Vegetation Management Program of approximately \$10.6 million, the increase of \$200,000 from the prior year to be used to "target pockets of poor performance."<sup>14</sup> The I&M spending included capital amounts already accounted for above plus \$1.035 million for O&M costs related to the I&M program, including inspections, voltage testing, and the contact voltage program. Finally, there were "other" O&M expenses in the amount of \$457,000, related to the ongoing long-range system capacity load study and expansion of the VVO/CVR program.<sup>15</sup>

The Company agreed to provide the Commission with quarterly reports on the progress of executing the ISR Plan as well as an annual report at the time the Company files its annual reconciliation. Additionally, the Company and the Division agreed that, if circumstances required, National Grid would be allowed reasonable deviations from the plan,

<sup>&</sup>lt;sup>11</sup> *Id.* at 15-16.

<sup>&</sup>lt;sup>12</sup> *Id*. at 8.

<sup>&</sup>lt;sup>13</sup> *Id.* at 14.

<sup>&</sup>lt;sup>14</sup> *Id*. at18.

<sup>&</sup>lt;sup>15</sup> Electric ISR Plan, Section 4, Page 3.

with explanations of any significant deviations to be included in its quarterly and year-end reports.<sup>16</sup> National Grid provided the Commission with a benefit cost analysis based on the Commission's Docket No. 4600 Guidance Document and Framework to support new budget proposals and certain existing categories that had increased budgets.<sup>17</sup>

#### **B.** Development of the ISR Factor

Mr. Crary explained that the overall ISR Factor embedded in distribution rates contains two mechanisms: (1) an Infrastructure Investment Mechanism to recover costs associated with incremental capital investment and (2) an O&M Mechanism to recover O&M expenses related to inspection and maintenance and vegetation management activities. To design the Infrastructure Investment Mechanism and develop the incremental capital investment, following Commission review of a cumulative revenue requirement, National Grid applies a rate base allocator that was developed in the most recently approved cost-of-service study. These become the Capital Expenditure Factors included in each rate class's respective overall ISR Factor. Similarly, the O&M mechanism is designed to allocate the inspection and maintenance and vegetation management expenses to rate classes based on the percentage of total distribution O&M expense allocated to each rate class in the most recent cost-of-service study. Within each rate class, National Grid calculates a per unit charge based on kilowatt hour (kWh) usage for non-demand classes and on a kilowatt (kW) basis for demand classes.<sup>18</sup>

<sup>&</sup>lt;sup>16</sup> *Id*. at 17.

<sup>&</sup>lt;sup>17</sup> *Id.* at 19-31.

<sup>&</sup>lt;sup>18</sup> Crary Test. at 229-34; Section 6: Rate Design, Revised; For G-02 and G-32/B-32 customers, whose charges include both demand and usage, the Capital Expenditure Factors and O&M Factors are designed "to not significantly change the relationship between the existing charges and will ensure that customers within the class that have differing usage characteristics will not experience significantly different bill impacts." Crary Test. at 234.

Each year, by August 1, the Company proposes Capital Expenditure reconciling factors and an O&M reconciling factor to become effective on October 1 for the following twelve-month period. The reconciliation compares the actual cumulative revenue requirement to actual billed revenue generated from the Capital Expenditure Factors included in the prior year's overall ISR Factor. Any over- or under-recovery is refunded to or collected from customers through the Capital Expenditure Reconciling Factors. The O&M reconciling factor will compare the actual I&M and vegetation management O&M expense to actual billed revenue generated from the O&M factors. Any over- or under-collection of actual billed revenue generated from the O&M factors. Any over- or under-collection of actual billed revenue generated from the O&M factors included in the prior year's overall I&M and vegetation management O&M expense to actual billed revenue generated from the O&M factors. Any over- or under-collection of actual billed revenue generated from the O&M factors. Any over- or under-collection of actual billed revenue generated from the O&M factors. Any over- or under-collection of actual billed revenue generated from the O&M factors. Any over- or under-collection of actual billed revenue generated from the O&M factors. Any over- or under-collection of actual billed revenue generated from the O&M factors. Any over- or under-collection of actual billed revenue generated from the O&M factors.

## II. Division's Filing

On February 7, 2020, the Division submitted the testimony and report of its consultant Gregory L. Booth, P.E. on the Electric ISR Plan and a memorandum from Chief Accountant John Bell, on the revenue requirement. The Division generally supported the FY 2021 Electric ISR Plan and budget. Mr. Booth, however, as in years past, had several recommendations relating to planning and appropriate categorization and tracking of expenses.<sup>20</sup> Mr. Bell concluded that the revenue requirement had been correctly calculated.<sup>21</sup>

In his report, Mr. Booth recognized changes National Grid has made to better classify certain work within the non-discretionary damage/failure category as discretionary. He explained that:

Although the Company has proposed a revised definition of Damage/Failure, some work may still be performed at the discretion of field personnel. Since Damage/Failure is a non-discretionary category, the definition should be further refined to include only that work performed due to failures. Until then, there remains ample opportunity for

<sup>&</sup>lt;sup>19</sup> *Id.* at 232, 234-35.

<sup>&</sup>lt;sup>20</sup> Booth Test. and Report at 8-9;

<sup>&</sup>lt;sup>21</sup> Bell Mem. at 1;

discretionary work to be performed under a non-discretionary category, as well as for the same type of work to be performed under multiple classifications. The Division desires a clearer line of demarcation between Damage/Failure and I&M expenditures.<sup>22</sup>

He indicated that National Grid had committed to continued review and refinement of the categorizations in quarterly reports. National Grid also proposed to monitor work performed in the FY 2021 under Damage/Failure and related discretionary Asset Replacement categories to validate the proper classification. The results should lead to further refinement for review as part of the FY 2022 filings.<sup>23</sup>

He identified the continued need to align ISR Plan core programs with those arising from initiatives external to National Grid in order to develop a more comprehensive, transparent, and forward-looking planning process.<sup>24</sup> He continued to recommend spending on Asset Condition and substation projects be supported by Long Range Studies, indicating that the Company's delivery of the studies continues to fall short of the Division's expected schedule.<sup>25</sup>

He also discussed the Company's newer Complex Capital Delivery process, a tool used for estimated complex projects. It was launched in April 2018 (FY 2019). He indicated that the Company is striving to achieve an estimated of +50%/-25% for complex projects resulting from Area Studies instead of the previous +200%/-50% threshold. Mr. Booth noted that the Company did not appear to be proposing changes to the ISR budget estimating process as a result of the Complex Capital Delivery process. He found this position confusing but suggested the refined project estimating process would not be evident until applied. He stated that he will continue to monitor the progress and evaluate future projects to determine if the

<sup>&</sup>lt;sup>22</sup> Booth Report at 17.

<sup>&</sup>lt;sup>23</sup> Booth Report Summary at 17-18.

<sup>&</sup>lt;sup>24</sup> *Id*. at 9.

<sup>&</sup>lt;sup>25</sup> Booth Report at 11.

Company is realizing the budgeting and project management improvements expected by the Division.<sup>26</sup>

Additionally, noting that the Company had proposed funding for certain investments related to a strategic distributed energy resources (DER) program that should be reviewed in the context of a grid modernization plan. He noted that there was no grid modernization plan filed with the ISR Plan and expressed concern that there was a clear overlap within the Company's Strategic DER budget proposal and its draft grid modernization plan. Mr. Booth stated:

The Division supports funding of the Company's proposed \$2 million for Advanced Capacitor/Regulator Controls and Feeder Monitor Sensors, and Advanced Recloser Controls as part of the Strategic DER program in this FY 2021 ISR Plan. However, the Company should defer associated work until the [grid modernization plan] is approved and adequately correlated with these Strategic DER projects."<sup>27</sup>

Mr. Booth specifically expressed concern about a spending overlap between the the VoltVar (VVO/CVR) spending in the reliability and Strategic DER budgets.<sup>28</sup> He also expressed concern that the accelerated 3V0<sup>29</sup> deployment within the Strategic DER budget category was potentially inappropriately shifting costs from DG customers to all customers. He fully supported the use of mobile 3V0 capability as an innovative solution to meet the needs of interconnecting DER in a timely fashion.<sup>30</sup>

In sum, Mr. Booth made several specific recommendations for the Commission to consider.<sup>31</sup> The recommendations built on prior years 'recommendations and focused on

<sup>&</sup>lt;sup>26</sup> *Id*. at 21-22.

<sup>&</sup>lt;sup>27</sup> *Id*. at 50.

<sup>&</sup>lt;sup>28</sup> *Id*. at 40.

<sup>&</sup>lt;sup>29</sup> Mr. Booth explained that, "3V0 provides critical system fault protection to prevent distributed generation from contributing to transmission faults, and is required once DER capacity reaches certain thresholds on distribution feeders. Once the threshold is met, additional DER projects ma not advance until 3V0 is installed. The Company currently installs 3V0 protection in newly constructed substations, and has been retrofitting select existing substations with 3V0 in the ISR Plan since FY 2019." Booth Report at 45.

 $<sup>^{30}</sup>$  *Id.* at 46-47.

<sup>&</sup>lt;sup>31</sup> *Id*. at 63-68.

areas of distribution system planning, appropriate cost allocations, additional transparency in the planning and budgeting process, and various cost benefit analyses.

## III. National Grid's Rebuttal Testimony

On February 18, 2020, National Grid submitted rebuttal testimony of Ms. Easterly and Ms. Castro in response to Mr. Booth's Report (Joint Rebuttal Test.). In response to Mr. Booth's comment that the Company was not moving as quickly as the Division expected on the completion of area studies, the witnesses indicated that the Company has committed to completing area studies by FY 2023, the timeframe previously expected by the Division and Commission during the review of the FY 2020 ISR.<sup>32</sup> In response to Mr. Booth's discussion of the demarcation between the discretionary and non-discretionary spending, the witnesses explained that it may take longer to complete the classification.<sup>33</sup>

The witnesses disagreed with Mr. Booth assertion that the Company lacks a cohesiveness between design criteria, System Reliability Procurement, Area Studies, and further, lacks a grid modernization strategy. They noted that they provided additional detail on planning criteria and are currently involved in a stakeholder process to develop a grid modernization plan.<sup>34</sup>

In response to Mr. Booth's recommendation that the Company defer certain strategic DER investments, the witnesses argued that the investment is needed now to meet interconnection commitments.<sup>35</sup> The Company's witnesses also disputed Mr. Booth's contention that there was an overlap between the VVO/CVR and strategic DER investments, noting that while both programs "utilize the same advanced devices as solutions, the main

<sup>&</sup>lt;sup>32</sup> Joint Rebuttal Test. at 3.

<sup>&</sup>lt;sup>33</sup> Id. at 5.

<sup>&</sup>lt;sup>34</sup> *Id.* at 5-6.

<sup>&</sup>lt;sup>35</sup> *Id*. at 8-9.

drivers, which require the installation and replacement of devices, are different.<sup>36</sup> Finally, Mr. Booth was concerned that National Grid was shifting system modification cost responsibility from developers of distributed generation to all customers. In response, the Company witnesses explained that the proposal to expand the installation of protection schemes required to address the system issue happening at the present time is the result of the aggregate impact of many DER resources being added to the system in a manner that does not allow costs to be readily allocated to a specific DER interconnection project. The Company will continue to assign required system modification costs, such as 3V0, to DER interconnection projects if it is determined that they are specifically required due to that project.<sup>37</sup>

## IV. Hearing

On March 4, 2020, the Commission conducted an evidentiary hearing on the proposed Electric ISR Plan, as revised, at its offices at 89 Jefferson Boulevard, Warwick, Rhode Island. National Grid presented Ms. Easterly, Ms. Castro, Mr. Moe, Ms. Little, and Mr. Crary in support of the Electric ISR Plan. During the hearing, in order to respond to a variety of topic upon which the Commission was seeking clarification, the Company also presented additional witnesses.

The Company also responded to two of the issues raised by Mr. Booth regarding a deferral of strategic DER investments and a potential overlap between the VVO/CVR and strategic DER investments. Ms. Castro argued that VVO/CVR investments will not overlap with strategic DER investments. She explained that VVO/CVR will be prioritized in substations that offer higher savings. Strategic DER investments (advanced capacitors,

<sup>&</sup>lt;sup>37</sup> *Id.* at 10.

regulator controls, and feeder monitor sensors) will be prioritized to 15 kV class feeders supplied by sub-transmission and impacted by DER aggregation.<sup>38</sup>

Mr. Booth recommended deferring the strategic DER investments worth \$2 million. Ms. Castro and Ms. Easterly explained that, if the Commission agreed with Mr. Booth's recommendation, the Company would nonetheless invest in technology needed for specific DER projects.<sup>39</sup> These reactive investments would be categorized as nondiscretionary instead of (proactive) discretionary system capacity performance investments.<sup>40</sup>

The Division presented Mr. Booth who testified that his recommendation was made, in large part, because he believed there would be a GMP proposal filed with the Commission in early spring 2020, with a decision by the end of the 2020 calendar year. Thus, while he believed the investments included in the strategic DER proposal would be prudent, he wanted the ability to review the timing of the investment to ensure efficiency and avoid duplicative cost.<sup>41</sup>

# V. Commission Findings

At an Open Meeting on March 17, 2020, the Commission considered the evidence and approved the FY 2021 Electric ISR Plan, filed on December 20, 2019, and the revised revenue requirement, filed on January 31, 2020, but ordered that the \$2 million proposed for Advanced Capacitor/Regulator Controls and Feeder Monitor Sensors and Advanced Recloser Controls in the Strategic Distributed Energy Resources Program should be moved from the System Capacity Performance category to the non-discretionary Customer Request/Public

<sup>&</sup>lt;sup>38</sup> Hr'g. Tr. at 155-56 (Mar. 4, 2020).

<sup>&</sup>lt;sup>39</sup> *Id.* at 142-44, 162-68. In response to questioning from the Bench, Ms. Castro explained that as the DER penetration increases on the system, particularly in specific areas, it has been increasingly difficult to distinguish between project-specific investments (system modifications) and system improvements to benefit the system as a whole. *Id.* at 208-21.

<sup>&</sup>lt;sup>40</sup> *Id.* at 216-18.

<sup>&</sup>lt;sup>41</sup> *Id.* at 225-28, 232-33, 248-49.

Requirements category for socialization. The Company did not make a compelling case that proactive deployment of these technologies was necessary, or that it knew where these investments were first needed. In the short term, the Company should defer the proactive deployment of these technologies until a grid modernization plan is reviewed, at which point the Commission's treatment of these investments may change. If the deployment of these technologies is needed due to the aggregation of DER, as the Company explained regarding the proposed investments, the Company would make those investments and categorize them as non-discretionary.

The Commission also adopted all of Mr. Booth's recommendations, including the requirement that National Grid complete all remaining area studies prior to filing the FY 2023 Electric ISR Plan.

The Commission appreciated the Company's attempt at applying the Docket No. 4600 Cost Benefit Framework to proposals within the FY 2021 Electric ISR Plan. The filing was more complete and better laid out than prior plans. The Commission found that Mr. Booth made a logical case that the Company should defer proactive deployment of the Advanced Capacitor/Regulator Controls and Feeder Monitor Sensors and Advanced Recloser Controls technologies until the GMP is approved. Ms. Castro indicated that if the technology deployment is needed due to the aggregation of DER, then it would be categorized as nondiscretionary. Whereas it is clear that the lead time to install 3V0 at a substation, which can lead to long delays in interconnection, it was not as clear that proactively installing the Strategic DER controls and sensors is similarly necessary. Also, the company did not have a priority list for proactive strategic DER control. Thus, the Commission was not persuaded that the company knows where these controls and sensors should be deployed first. Therefore, these technologies are more appropriately included in the Customer Request/Public Requirements category to be deployed when necessary as part of a nondiscretionary project.

Accordingly, it is hereby

(24589) ORDERED:

- 1. The Narragansett Electric Company d/b/a National Grid's FY 2021 Electric ISR Plan, filed on December 20, 2019, and the revised revenue requirement, filed on January 31, 2020, is hereby approved with the modification that the \$2 million proposed for Advanced Capacitor/Regulator Controls and Feeder Monitor Sensors and Advanced Recloser Controls in the Strategic Distributed Energy Resources Program be moved from the System Capacity Performance category to the non-discretionary Customer Request/Public Requirements category for socialization.
- 2. The Narragansett Electric Company d/b/a National Grid shall provide, as part of its FY 2021 filing, more detail to support the purported need for investments, particularly for multi-year projects or those classified as "major programs" within a category.
- 3. The Narragansett Electric Company d/b/a National Grid shall provide, as part of its FY 2021 filing, details on individual projects where the costs differ from budget by more than 10%, whether that difference resulted from over- or under-spending or timing.
- 4. The Narragansett Electric Company d/b/a National Grid shall follow the Division of Public Utilities and Carriers' recommendations that were filed on February 7, 2020, specifically:
  - a. National Grid shall coordinate with the Division to monitor and report on work performed under Damage/Failure, I&M, and related Asset Replacement blanket programs to validate proper classifications. The Company shall put forth program adjustments in the FY 2022 ISR Plan that include advancing Damage/Failure to a "fix on failure" strategy.
  - b. National Grid shall develop an alignment between various planning and project evaluation processes, with consideration as to how a grid modernization strategy may be incorporated. This includes, but is not limited to, the SRP, Area Studies, ISR Plan, NWA options and internal Design Criteria.
  - c. National Grid shall propose a methodology to revise current and future study documents supporting Asset Replacement and System Capacity programs or projects as applicable to include, at minimum:
    - i. The traditional elements included in the Company's current studies including, but not limited to, purpose and problem statement, scope

and program description, condition assessment/criticality rankings, alternatives considered, solution, cost and timeline.

- ii. Discussion on the impact to related Company initiatives, Commission programs, the various pilot projects, or other requirements driven by SRP, DSP, Heat Maps, and emerging initiatives.
- iii. A detailed comparison of recommendations to Area Studies to determine if solutions are aligned with study outcomes, noting adjustments required to avoid redundancy in planning.
- iv. An evaluation of potential incremental investments that support the Company's long - term grid modernization strategy. This includes description of technology or infrastructure investment, cost-benefit to traditional safety and reliability objectives, and additional operational benefits achieved, if implemented. The GMP should be closely correlated with all ISR Plan investments, including both recurring and newly proposed programs.
- v. A robust NWA evaluation for projects passing initial screening that clearly identifies alternatives considered, costs, and benefits.
- d. National Grid shall continue to develop a System Capacity Load Study and a 10-year Long Range Plan in order to increase the level of support and transparency for the capital budget. The Company shall submit and present the outcome of Area Studies to the Division and its consultant at the time of completion. These studies shall include a separate Non-Wire Alternative analysis of the projects consistent with the requirements of other program commitments. The Company shall submit a report with updates on modeling activities and Area Study status at least 120 days prior to filing its FY 2022 ISR Plan Proposal, but in any event no later than August 31, 2020.
- e. National Grid shall manage major Asset Replacement and System Capacity & Performance project budgets separate from other discretionary projects, such that any budget variances (underspend) will not be utilized in other areas of the ISR Plan. The Company shall provide quarterly budget and project management reports.
- f. National Grid will continue to manage (underspend/overspend management) individual project costs within the ISR Plan discretionary category (comprised of Asset Condition and System Capacity and Performance projects), such that total portfolio costs are aligned within a discretionary budget target that excludes major substation projects.
- g. National Grid shall continue to provide quarterly reporting on Damage/Failure expenditures to include the details of completed projects by operating region. The Company will separately identify Level I projects repaired as a result of the I&M program.
- h. National Grid shall continue to provide a detailed budget for System Capacity & Performance and Asset Condition in order to provide transparency on a project level basis for the current and future 4-year period. The budget shall be provided in advance of the FY 2022 ISR Plan Proposal filing, and in any event no later than August 31, 2020.

- i. National Grid shall submit an evaluation of future proposed Asset Condition projects as compared to the Company's Long-Range Plan in advance of the FY 2022 ISR Plan Proposal filing, and in any event no later than August 31, 2020.
- j. National Grid shall continue to submit its detailed substation capacity expansion plans and load projections, and include an evaluation of proposed projects against the Company's Long-Range Plan, in advance of the FY 2022 ISR Plan Proposal filing, and in any event no later than August 31, 2020.
- k. National Grid shall continue to submit a cost-benefit analysis on the Vegetation Management Cycle Clearing Program and a separate costbenefit analysis on the Enhanced Hazard Tree Management program for the Division's review prior to submitting the Company's FY 2022 ISR Plan Proposal, and in any event no later than August 31, 2020.
- 1. The Narragansett Electric Company d/b/a National Grid shall complete all remaining area studies prior to filing the FY 2023 Electric ISR Plan.
- m. In its quarterly periodic reports, The Narragansett Electric Company d/b/a National Grid shall include an explanation of all new technologies the Company is exploring to assist in distribution system planning, particularly as they relate to the integration of distributed energy resources or to providing additional visibility on the distribution grid.
- 5. Contemporaneous with its filing of the FY 2022 Electric Infrastructure, Safety, and Reliability Plan, The Narragansett Electric Company d/b/a National Grid shall file a cost-benefit analysis consistent with the Guidance Document issued in Docket No. 4600-A.
- 6. After the filing of The Narragansett Electric Company d/b/a National Grid's FY 2022 Electric Infrastructure, Safety, and Reliability Plan, the Company shall update the revenue requirement following the filing of the Company's income taxes for 2020.
- 7. The Narragansett Electric Company d/b/a National Grid's Motion for Protective Treatment of the U.S tertiary matrix contained in response to Division Data Request Attachment PUC 1-11-5; the southeast area study that contained critical energy infrastructure provided in Attachment R-I-10; confidential customer information provided in R-III-2-1 and R-III-2-2, and confidential pricing information contained in R-III-4 is hereby approved.
- 8. The Narragansett Electric Company d/b/a National Grid shall comply with all other instructions contained in this Order.

EFFECTIVE AT WARWICK, RHODE ISLAND, ON APRIL 1, 2020, PURSUANT TO AN OPEN MEETING DECISIONS ON MARCH 17, 2020. WRITTEN ORDER ISSUED FEBRUARY 8, 2023.

PUBLIC UTILITIES COMMISSION

\*Margaret E. Curran, Chairperson

\*Marion S. Gold, Commissioner

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Abigail Anthony, Commissioner

\*Chairperson Curran and Commissioner Gold's respective terms have expired so they are unavailable for signature.

**Notice of Right of Appeal**: Pursuant to R.I. Gen. Laws § 39-5-1, any person aggrieved by a decision or order of the Commission may, within 7 days from the date of the Order, petition the Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or Order.

