



STATE OF RHODE ISLAND  
OFFICE OF THE ATTORNEY GENERAL

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*Peter F. Neronha*  
*Attorney General*

May 15, 2024

Luly Massaro, Clerk  
Division of Public Utilities and Carriers  
89 Jefferson Blvd.  
Warwick, RI 02888  
[Luly.massaro@puc.ri.gov](mailto:Luly.massaro@puc.ri.gov)

**RE: Docket No. 3628 – Service Quality Plan**  
**The Narragansett Electric Company d/b/a Rhode Island Energy’s Proposed**  
**Revisions to the Service Quality Plan**

Dear Ms. Massaro:

Enclosed please find for filing an original and nine (9) copies of the Attorney General’s Statement of Position in the above-referenced docket.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to contact me.

Sincerely,

*/s/ Nicholas Vaz*

Special Assistant Attorney General  
[nvaz@riag.ri.gov](mailto:nvaz@riag.ri.gov)

Enclosures

Copy to: Service List

**STATE OF RHODE ISLAND  
PUBLIC UTILITIES COMMISSION**

**IN RE: SERVICE QUALITY PLAN** :  
**THE NARRAGANSETT ELECTRIC COMPANY** :  
**D/B/A RHODE ISLAND ENERGY’S** : **DOCKET NO. 3628**  
**PROPOSED REVISIONS TO THE SERVICE** :  
**QUALITY PLAN** :

**THE ATTORNEY GENERAL OF THE STATE OF RHODE ISLAND’S  
STATEMENT OF POSITION**

NOW COMES Peter F. Neronha, Attorney General of the State of Rhode Island (“Attorney General”), and hereby provides the following Statement of Position in the above-referenced docket, which is currently pending before the Public Utilities Commission (“Commission”).

**I. Background**

On November 18, 2022, The Narragansett Electric Company d/b/a Rhode Island Energy (“Rhode Island Energy” or the “Company”) filed a Business Case with the Commission setting forth its plan for full-scale deployment of Advanced Metering Functionality (“AMF”) across the state. That proposal was considered in proceedings where the Attorney General, the Division of Public Utilities and Carriers, the Office of Energy Resources, and several other interested parties participated. *See generally*, Commission Docket No. 22-49-EL. Following thorough administrative process, the Company’s AMF Business Case was conditionally approved at an Open Meeting on September 27, 2023 (the “Open Meeting”).

During the Open Meeting, several conditions for AMF implementation were voted on and adopted by the Commission (collectively, the “Decision”). *See generally*, Decision, Commission Docket 22-49-EL (Sept. 27, 2023) (<https://ripuc.ri.gov/sites/g/files/xkgbur841/files/2023->

11/2249-PUC-OM-V0TES\_9-27-23.pdf). Much of the Decision focused on ensuring the Company delivered on its promised timelines, costs, and benefits for Rhode Islanders as presented in its Business Case. *See id.* The present docket is meant to consider potential changes to Rhode Island Energy's Service Quality Plan resulting from one such condition. Specifically, the Commission has directed the Company to consider Service Quality Adjustments ("SQA") related to the following: (1) Meter Reading & Billing; (2) Trouble, Non-Outage; (3) Network Speed; (4) Faster Outage Notification; and (5) Customer Satisfaction. *See id.*, at Vote 14, pgs. 5-6.

Notably, the Company was unable to reach agreement with the Division prior to proposing its changes, despite efforts to do so. *See* Service Quality Plan, Commission Docket No. 3628, *Gill and Walnock Direct Testimony* ("*Gill and Walnock Test.*"), (December 27, 2023) at 11. Also, even though the Commission suggested maximum penalties of \$200,000-\$1,000,000 *or more* in each of its five proposed categories, not one of the Company's proposed maximum penalties are above \$200,000. *See* Decision at Vote 14, pages 5-6, *contra* Updated Service Quality Plan and Targets & Threshold Proposal, Commission Docket No. 3628, (Dec. 27, 2023) (proposing maximum penalties of \$200,000 for: (1) trouble non-outage; (2) outage notification; and (3) network speed, and \$184,000 for: (1) customer satisfaction; and (2) meter reading and billing).

To justify these lower maximum penalties, the Company has proposed a focus on the "historic underpinnings" of the Service Quality Plan as developed in 2000 and updated in 2007 and 2016. *See e.g. Gill and Walnock Test.* at 6. As a result, the Company has proposed total SQA penalties capped at approximately 1% of the Company's distribution revenues. *See* Technical Session PowerPoint at Slide 17, Commission Docket No. 3628, (April 17, 2024) ([https://ripuc.ri.gov/sites/g/files/xkgbur841/files/2024-04/3628-RIE-TS-Presnsetation\\_4-17-24.pdf](https://ripuc.ri.gov/sites/g/files/xkgbur841/files/2024-04/3628-RIE-TS-Presnsetation_4-17-24.pdf)). The Company's approach does not separately establish penalties in light of the AMF

Business Case, but instead views all service quality metrics in sum – working within the cap on total penalties established in the Company’s Service Quality Plan long before AMF approval. Additionally, although shared savings was mentioned in the decision only in the section concerning speed of outage notification, the Company has proposed both penalties and offsets in every category. *See* Decision at pg. 5.

## **II. Issues of Concern**

In the May 19, 2022 Settlement Agreement by and between PPL Corporation, PPL Rhode Island Holdings, LLC and Peter F. Neronha, Attorney General of the State of Rhode Island (the “PPL Settlement”), the Company committed to include in its plan for deployment of AMF: “a cost-benefit analysis that is at least as positive as the cost-benefit analysis included in [National Grid’s prior proposal in] Docket No. 5113, and bear the risk of lesser actual realized benefits.” To that end, the Company made several claims about benefits customers would realize upon implementation of AMF, including claims in each of the five categories of performance at issue in this docket. *See e.g.* AMF Business Case, Book II, Commission Docket No. 22-49-EL at pgs. 44-46 (claiming benefits from quickly available online customer use data, remote metering, greater system awareness to address issues, faster outage notification, etc.), *see also e.g. id.* at Attachment G, pg. 5 (claiming AMF would lead to improved customer satisfaction). Specific benefits were tied to those promised performance improvements, and the Company has committed to attaining a cost benefit analysis supported by its cumulative claims in each category. *See e.g. id.* at pg. 137 (attributing a savings of \$11.9 million/year to a 22 minute reduction in outage notification time). To that end, it is essential that any approved service quality metrics, penalties, and offsets - if any - do not dilute the Company’s responsibility to bear the risk of potentially failing to attain the promised cost/benefit ratio for its customers. Moreover, the Company must achieve its results

while working under a clearly established cost cap. *See* Decision at pgs. 1-2; *see also* PPL Settlement (the Company has committed that it “will not seek to recover from customers costs in excess of [the estimated costs in total as proposed by the Company in Docket No. 5113], which costs shall remain subject to regulatory review and approval[.]”). Additionally, the Company’s suggested metrics must be carefully examined to ensure that they are appropriately tied to the AMF Business Case as approved.

**A. Given the wide-ranging benefits of AMF touted by the Company, higher penalties should be considered during these proceedings.**

As explained above, the Company has put forth maximum penalties at or below \$200,000 for each of the five categories of performance being reviewed, largely because of its position that total service quality penalties should continue to be capped at 1% of distribution revenue. *See* Technical Session PowerPoint at Slide 17. This is the case even after the Commission suggested the possibility of penalties in excess of \$1,000,000. Additionally, the Company attempted to maintain a ratio of 83% of total maximum penalty for reliability-related service quality categories and 17% customer service. *See id.*

Rather than attempting to fit new penalties related to AMF into an old framework that did have the same considerations or contemplate the benefits promised from AMF’s technological advancements, the focus in this docket should be on ensuring that the benefit/cost ratio promised in Docket 22-49-EL is realized. Penalties related to performance improvements from AMF should not be forced to fit into the framework for establishing penalties and offsets, but should instead ensure that the people of Rhode Island receive the protections secured on their behalf at the time of the PPL transaction and during the AMF Business Case Docket.

Careful vetting of the proposed penalties is essential, and appropriate penalties should be set for each individual category based on the potential benefits customers could lose, irrespective

of the limits contemplated prior to AMF. Also, potential offsets should be met with skepticism given that the Company already stands to earn a great deal as a result of AMF implementation, which was only allowed subject to conditions designed to secure performance levels consistent with the Company's proposal. *See e.g.* AMF Business Case, Commission Docket No. 22-49-EL, Book III, Schedule SAB/BLJ-1, (illustrating the revenue requirements associated with the Company's original AMF proposal for the next twenty years, with certain years having revenue requirements in excess of \$20 million). As noted above, the Commission only mentioned the potential for savings sharing with respect to faster outage notification. *See* Decision at Page 5. Therefore, absent Commission approval in this docket of new or increased shared savings/offsets, customers would be entitled to the full value of those benefits received from AMF. The Service Quality Plan should uphold the Company's commitments to achieve certain benefits at capped costs or bear the burden of nonattainment. As such, higher penalties designed to align with the Company's promises should be considered, and additional or increased shared savings/offsets should not be approved where customers stand to lose benefits that would otherwise have been enjoyed as a result of the approval of AMF.

**B. The Company's proposed metrics should also be carefully reviewed for consistency with the AMF Business Plan.**

The Company's proposal also includes methods of gauging successful performance in each category. In some instances, the standards designed by the Company are aimed at ensuring consistency with the AMF Business Case. *See e.g. Gill and Walnock Test.* at 29 (explaining that outage notification metrics and standards were based on and consistent with the AMF Business case claimed benefits). However, further analysis and vetting is still required to ensure that the best methods of measurements are ultimately attained. For instance, customer service benefits are difficult to measure, and therefore the Company has proposed a survey to determine levels of

satisfaction with customer service. The Company's survey process must be carefully reviewed in its entirety, and the questions should be studied to ensure that there is not an unintended overlap with other categories of benefits. *See Gill and Walnock Test* at 39 (discussing question added to customer survey related to reliability in addition to more direct questions about satisfaction with the Company's services). Failure to do so could result in skewed information. For instance, a hypothetical customer could easily approve of the reliability of her electricity and therefore indicate high satisfaction in reliability, but still have very low overall customer satisfaction as a result of billing issues.

There should also be further consideration of a continuous network speed assessment, rather than a one-time assessment following the first year of AMF. In the Decision, the Commission gave the Company a choice between proposing a one-time or continuous network speed service quality mechanism. *See Decision at Vote 14 page 5.* In response, the Company claims that a one-time SQA is appropriate because network speed is "not likely to change over time." *Gill and Walnock Test.* at 25. However, this is all the more reason to continue assessing network speed to ensure that services do not degrade over time and the customers continue to realize the benefits they were promised throughout the life of the AMF system.

Finally, metrics should also be viewed for potential inadvertent inequities. Benefits should be realized as universally as possible, and to the extent it can be achieved, metrics should be designed to avoid certain pockets of customers being left behind and not benefitting from the improvements provided by AMF to the same extent as the rest of the state (for instance a small group of homes in a rural area with consistently poor network speed), while continuing to pay their fair share of the cost.

### **III. Conclusion**

This docket remains ongoing, with continuing discovery and the expectation that the parties and intervenors will still be providing rounds of testimony fleshing out concerns with the Company's proposal, as well as potential solutions. As such, many issues must still be vetted more fully as additional information becomes available. It is essential that all parties consider potential alternatives and work to find the best solution to ensure that Rhode Islanders get the AMF system they have been promised and the benefits they deserve in both the short and long term.

Respectfully submitted,

PETER F. NERONHA  
ATTORNEY GENERAL OF THE  
STATE OF RHODE ISLAND

By his Attorney,

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Dated: May 15, 2024

### **CERTIFICATE OF SERVICE**

I hereby certify that on the 15<sup>th</sup> day of May 2024, the original and nine hard copies of this Motion were sent via in hand-delivery to Luly Massaro, Clerk of the Division of Public Utilities and Carriers, 89 Jefferson Boulevard, Warwick, RI 02888. In addition, electronic copies of the above document were served via electronic mail on the service list for this Docket on this date.

*/s/ Nicholas M. Vaz*