

Docket 4600 – May 4, 2016 Meeting Notes

I. Welcome & Introductions

Cindy welcomed all attendees and introductions were made. A copy of the sign-in sheet is appended to these notes.

II. Status of PUC RFP – Consultant Status

- The Commission reviewing team reviewed proposals from 5 bidders, another one was submitted after the deadline; 2 bidders met the screening criteria and cost proposals from these two bidders were requested.

III. Questions from Stakeholders on Process and related discussion

- The stakeholder process has been modeled, as much as possible to a negotiated rulemaking proceeding which was successful in reaching the RES rules.
- Learned from Docket 4568 that it can be expensive for parties to appear before the PUC in formal processes; also, the rules come in to play with a formal docket because the PUC decision affects the rights of the parties; this process is intended to address that concern and to be a collaborative process among stakeholders.
- To the question, what does the PUC want and what is useful? Cindy responded that to some extent it is unclear, but will become clearer as we go along.
- One objective is to minimize consultant costs
 - o This process will be a constructive way to share information about what is going on in other jurisdictions
 - PUC Could manage an on-line library with information provided by the stakeholders
 - Parties should check online weekly for updates
 - o PUC staff will put useful items on the docket page before a meeting
 - o PUC staff will point out articles to read in advance
 - o Luly and 3 PUC staff also can direct people to information already on the website
- Company can provide information
 - To manage costs, all information requests should be flowed through the PUC; parties should not go through the consultant
 - This is also to streamline the questions asked.
 - o National Grid indicated that stakeholders need to realize and accept that some information that the parties desire is not available
 - PUC Staff responded that that is an answer in and of itself.
 - Requests could be viewed in the context of the question: is the information available, required, or useful?
 - o Company has resources to provide information; however, need to be mindful of employees' other responsibilities
 - The Company can always advise the PUC staff of their constraints when information requests are posed.

- Of utmost importance is that the stakeholders to feel like the process is fair and everyone had an opportunity to be heard. This does not mean that all stakeholders will agree with the outcome of the process, but the goal is that they feel they were heard.
- It will be the facilitator's role to provide the Commission with status reports. Stakeholders will primarily participate through the meeting process with the consultant, there will likely be takeaways and follow-up tasks. Stakeholders will be able to provide written comments toward the end of the process.
- In response to a question about the level of the Commissioners' participation, Commissioners will receive updates during the course of the docket; they can attend the meetings, but they may choose not to.
 - It is important for participants to be able to engage in a free flow of conversation. For Commissioners, there is a perception concern given the fine line between conversation and decision-making. Commissioners need to be careful not to give the impression that they are stating a position that may affect a pending docket. Stakeholders also need to be able to make arguments they might not otherwise make in a hearing before the Commission.
 - If Commissioners do want to join the meeting, the PUC will have to notice the meeting as a public meeting.
- The end result will be a report that the PUC can use for future rate cases
 - Majority consensus document with non-consenting views documented
 - The majority/consensus view will be reflected in the proposed guidelines with notes where the parties disagree regarding the intent, impact, etc.
 - Consultant will put together the report and point out the different points of view and give a summary of those points of view and reasons for parties' positions
 - A technical session might be needed to present to Commission the report. Anticipate need for technical session to present the report to commission – consultant would provide opinion. Commission would hopefully have something before them to formally accept or reject a report/recommendations
- What is the purpose of the report – is it prescriptive or merely descriptive?
 - Not prescriptive; it is more of a guidance document; this PUC cannot bind a future Commission
 - It will contain recommendations for reviewing rate cases going forward as well as for all rates
 - There is a pending bill to modify APA/Rulemaking
 - Among other things it would allow agencies to provide formal interpretations that can be relied upon, but are not binding in the same way as rules. This may be a path if the bill passes.

- It may be a guide for departing from precedent
 - o The PUC is trying to provide the rules of the game going forward. In 4568 there was disagreement about taking into account the costs and benefits of DG. This process will look at the Section 24 factors and discuss what are costs and what are benefits? Doing this work now will make the next rate case easier.
 - o How is PUC going to look at statutory factors in RE Growth Statute in next Rate Case?
 - o Avoid issues of standard of review similar to rate design 4568.
 - o Docket 4568 had significant controversy over facts in Sec. 24 of RE Growth Statute. This docket seems to be an attempt to put meat around those factors and how to apply in next rate case.
- Legal guidance document: will provide the elements that utility must show in next rate case to make a prima facie case
 - o Prima facie case elements suggests that the requirements will be binding and therefore ascribing some weight to recommendation.
 - o If PUC adopts guidelines/principles, then utility in a future filing that does not meet elements has burden to show why it departed
 - o Therefore, this is more than an information gathering docket
 - o Guidelines need to be clear enough, but flexible enough for PUC to exercise broad authority to set reasonable and just rates
- Docket 4568 - Not only driver for this new docket.
- Regarding costs and benefits
 - o Least Cost Procurement
 - o What investments are supported by this?
 - Outcome of docket may be rates that incentivize customers or company to do something not looking to restructure utility to look like something different than it is today.
 - o While the purposes of state law may be similar, the means to the end are different and there may be competing policy objectives that need to be reconciled.
 - o What State Policies exists now?
 - Arrearage, Low Income, DG, Service Quality, RES, RE Growth, LCP, Safe & Reliability Service.
 - Other dockets that have ratemaking mechanisms are listed on page 9 of the PUC Staff memo and can be used as a starting point: http://www.ripuc.org/eventsactions/docket/4600-PUC-Recommendation_3-1-16.pdf
 - o It used to be that rate stability was a legislative priority; now, legislature not as concerned about rate stability but rates change frequently and there are separate rate mechanisms
 - o Some ratemaking mechanisms to be discussed are not new, such as TOU rates
- To the question of overlap between the stakeholder process and pending dockets, problems that may come up in dockets due to the overlap along the way should be addressed as they arise.

IV. Discussion of Stakeholder Expectations

- This is an incremental process and while it is ok to think about those larger issues but implementation and different rate structures and incentives is not the first step; it is important to set expectations up front and throughout the process
 - o Implementation may be phased
 - Short term – 1-3 years
 - Medium term – 5 years
 - Long term – greater than 5 years away
- 12 month contract
- What changes rates and tariff, market design, and incentives may be needed to meet policy goals.
 - o May require future legislative changes, but hopefully, as the result of the collaborative process.
- The PUC's memo to Commissioners was accepted by the PUC
- EERMC – Target setting process underway, assume revision of standard, how to design SRP component; feel like issues raised in 4568 and this docket have to inform what happens with standards going forward
- Not going as far as REV; role of the distribution company in the REV context is beyond the scope of this docket.
 - o Focus of the docket is rates and rate design; the docket is not going to delve into the Company's activities and what it owns or doesn't own; that is outside this discussion; this is not utility modernization, it is rate modernization.
- Company shouldn't care where the dollars come from; PUC wants to get the most effect for ratepayer money = most efficient rates.
 - o Rates and Rate Design – One outcome of rates is that they can affect customer and utility behavior.
- Consider least cost procurement and benefits over reasonable term. There may need to be consideration of a longer term benefit/cost analysis.
 - o Statutes are all different in standard for each program.
- Need to think about the electric system the way the public policy is directing it to be. Need to think of how to incentivize all services and not just ones available today. Consider what costs and benefits that cannot now be measured
- In response to a clarifying question of whether the goal is to get consensus about what exists now and how that relates to policy? PUC Staff replied, yes, we hope so—that is the intent of the docket. What are the costs and benefits from stakeholders and importance of having those in rates? It would be good to have consensus on this.
- Company suggested the PUC exclude actions not directly related to delivery of energy (SOS procurement); the staff memo rejected this, noting that standard offer service procurement and least cost procurement are linked in the RI General Laws.
 - o National Grid pointed out that if that is the case, we need to engage NPPs in order to address how the state's policy goal of encouraging

competitive supply can work rather than conflict with the policy goal of least cost procurement in standard offer service.

- This is exactly the type of analysis that will need to be done in all areas of this stakeholder review.
- Development of the three-year standards is underway—the parties to that docket should assume the status quo for planning purposes; dockets need to move forward in parallel
- There was a suggestion that benefits should include climate change, environmental impact, and public health concerns.
- Quantification of costs and benefits: may not be able to get so far as \$/kWh of benefit for DG
 - This docket is broader than DG (e.g., low income)

Next meeting to be held in June TBA