

NEW YORK STATE PUBLIC SERVICE COMMISSION

Case 21-E-0580 – Petition of Fishers Island Electric Corporation for Authority to Impose a System Improvement Charge and to Incur Indebtedness for a Term in Excess of Twelve Months Pursuant to Section 65 and 69 of the Public Service Law.

**PETITION TO AMEND ORDER AUTHORIZING
SYSTEM IMPROVEMENT CHARGE AND AUTHORITY
TO ENTER INTO A LEASE**

Konstantin Podolny
Michelle Zaludek
READ AND LANIADO, LLP
Attorneys for Fishers Island
Electric Corporation
25 Eagle St.
Albany, NY 12207
(T) 518-465-9313
(F) 518-465-9315
kp@readlaniado.com
mz@readlaniado.com

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PETITION TO AMEND ORDER AUTHORIZING SYSTEM IMPROVEMENT CHARGE AND AUTHORITY TO ENTER INTO A LEASE

I. Introduction

Fishers Island Electric Corporation (“FIEC”) hereby respectfully requests that Ordering Clause 12 of the Order Authorizing System Improvement Charge and Authority to Enter into a Lease (“Order”), issued by the New York State Public Service Commission (“Commission”) in the above-referenced proceeding on September 16, 2022, be amended to (1) extend the deadline to enter into a lease-to-own agreement, and (2) increase the disbursement amount to \$216,393.

Ordering Clause 12 authorized FIEC to enter into a 10-year lease-to-own agreement (the “Agreement”) from CoBank with a disbursement amount of \$176,176, not later than October 31, 2023. Despite FIEC’s best efforts, it was unable to enter the Agreement because supply chain issues prevented the timely delivery of the meters. FIEC also inadvertently neglected to request an extension by the October 31 deadline. Because the Agreement is vital to infrastructure upgrades on Fishers Island, FIEC hereby respectfully requests that Ordering Clause 12 be amended to allow FIEC to enter the Agreement by June 30, 2025. In addition, FIEC requests that the

Agreement’s disbursement amount be increased to \$216,393 to reflect the actual, known costs of the equipment covered thereby.

II. Background

FIEC is a privately owned, public utility company and the sole provider of electric services for Fishers Island, in Suffolk County, New York. In 2023, FIEC provided electric service to a total of 770 electric meters, including 652 residential customers, 115 commercial customers, and 3 other public service corporations.¹

On November 30, 2021, FIEC submitted a petition in this proceeding for authorization to recover costs associated with implementing an Advanced Metering Infrastructure (“AMI”) system.² On September 16, 2022, the Commission authorized the petition with certain modifications.³ Under Ordering Clause 12: “Fishers Island Electric Corporation is authorized to enter into a ten-year lease-to-own agreement from CoBank with a disbursement amount of \$176,176, not later than October 31, 2023, subject to the terms and conditions in the body of this Order.”⁴

FIEC has worked diligently to secure the AMI meters, having procured and installed 744 out of a total of 763. A breakdown of installed AMI meters and the number of meters and other equipment still needed is available in Exhibit B. However, as discussed in the attached Letter

¹ Matter No. 11-01645, *In re Electric Company Filings of Financial Reports for the Fishers Island Electric Corporation*, Classes C and D Annual Report of Fishers Island Electric Corporation (Mar. 26, 2024), at 68 (“2023 Annual Report”).

² See Case 21-E-0580, *Fishers Island Electric Corp.*, Petition of Fishers Island Electric Corporation for Authority to Impose a System Improvement Charge and to Incur Indebtedness for a Term in Excess of Twelve Months (Nov. 30, 2021).

³ Case 21-E-0580, *supra*, Order Authorizing System Improvement Charge and Authority to Enter into a Lease (Sep. 16, 2022), at 20–21.

⁴ *Id.* at 23.

from FIEC's meter supplier (*see* Exhibit A) FIEC was unable to acquire all the necessary meters because of supply chain issues arising from the COVID-19 pandemic. Because FIEC has not obtained all AMI equipment, it has been unable to execute the lease agreement with CoBank by the October 31, 2023, deadline.

In addition, the costs to be covered by the Agreement have increased. The \$176,176 disbursement amount previously approved was made up of the following components:

- (1) Sensus meters, \$69,690; 2) base stations, \$32,500; 3) handheld equipment, \$4,275; 4) software, \$17,540; 5) project management, \$13,500; 6) set-up fees, \$21,800; and 7) annual fees for the first year, \$16,871.⁵

To circumvent future supply chain issues FIEC has purchased meters to keep in stock which increased the cost of meters to \$80,144, and annual fees have increased in Year 2 and FIEC purchased meter testing equipment to comply with 16 NYCRR Part 92 Operating Manual costing \$21,334. A detailed breakdown is attached in Exhibit C.

III. Discussion

FIEC has procured and installed most of the AMI meters, with only 19 left to be installed. However, because of supply chain issues FIEC cannot complete its lease Agreement with CoBank, since the meters have to be delivered before the lease can be signed. Based on correspondence with the AMI meter manufacturer, Xylem, FIEC anticipates that the remaining meters will be delivered and installed by October 2024. The funding Agreement with CoBank is imperative for the AMI meter installation to remain economically viable. In addition, the total

⁵ *Id.* at fn. 13.

disbursement amount should be updated to cover the actual costs of the system. Therefore, an amendment to Ordering Clause 12 is necessary.

The Secretary to the Commission and the Commission have previously authorized extensions due to complications arising from supply chain issues and the COVID-19 pandemic.⁶ FIEC mistakenly overlooked its opportunity to obtain an extension for Ordering Clause 12 before the October 31, 2023, deadline because it was engaged in multiple proceedings before the Commission—some of which are related to FIEC’s continued efforts to complete AMI meter installation.⁷ An amendment to Ordering Clause 12 will allow FIEC to move forward with the Agreement in compliance with the Commission’s Order.

FIEC understands that the proposed Amendment would be subject to the notice requirements of the State Administrative Procedure Act (“SAPA”) § 202(1). Therefore, FIEC respectfully requests that the deadline under Ordering Clause 12 be extended to June 30, 2025, to allow FIEC to meet SAPA requirements and finalize the Agreement by the amended deadline.

⁶ See e.g., Case 21-E-0137, *Notice of Intent of 301 Clinton Street Assoc, LLC to Submeter Electricity at 301 Clinton Street*, Ruling on Extension Request (Feb. 2, 2022), at 1 (authorizing an extension request to certify submeter installation that was delayed due to supply chain issues); Case 17-E-0238, *In re Motion of the Commission as to the Rates, Charges, Rules and Regulations of Niagara Mohawk Power Corporation d/b/a National Grid for Electric Service*, Order Granting a Waiver of Tariff Rule 57 on an Emergency Basis (Apr. 26, 2021), at 6 (approving waivers to allow extension of an Revenue Decoupling Mechanism Adjustment Period to mitigate financial hardship of customers suffering from the COVID-19 pandemic).

⁷ See e.g., DPS Office of Consumer Services Cases 250138, 250152, *Complaint by Fishers Island Community Center, Inc. and Brad Burnham Against Fishers Island Electric Corp. for Violations of New York State Public Service Law Section 66-j and 16 NYCRR §§ 11.4 and 13.3*, Response to Complaint (Jan. 11, 2023); Case 23-E-0394, *Tariff Filing by Fishers Island Electric Corporation to Modify its Electric Tariff Schedule, P.S.C. No. 2, to Include Rules and Regulations Governing the Purchase of Renewable Energy from Distributed Generators*, Fishers Island Electric Corporation Tariff Update (July 17, 2023); Case 23-E-0490, *Tariff Filing by Fishers Island Electric Corporation to Modify its Electric Tariff Schedule, P.S.C. No. 2, to Include Rules Clarifying the Responsibility Over Customer-End Electric Equipment, Customer Installation and Equipment* (Sep. 6, 2023); Case 23-E-0717, *Fishers Island Electric Corp.*, Petition of Fishers Island Electric Corporation for Authority to Defer Incremental Expense Related to a Cost-of-Service Study (Oct. 11, 2023).

IV. Conclusion

For the reasons explained herein, FIEC requests that the Commission promptly approve the requested amendment to Ordering Clause 12 of the September 16, 2022, Order. The proposed extension is necessary for the Agreement and for the AMI installation on Fishers Island. Please contact the undersigned with any questions regarding this request.

Dated: July 24, 2024

Respectfully Submitted,

READ AND LANIADO, LLP
Attorneys for Fishers Island
Electric Corporation

By: /s/ Konstantin Podolny
Konstantin Podolny
Michelle Zaludek
25 Eagle St.
Albany, NY 12207
(T) 518-465-9313
(F) 518-465-9315
kp@readlaniado.com
mz@readlaniado.com



Dear valued customer,

The global economic recovery from the pandemic is underway, driving a surge in demand for goods across many industries—particularly those that require electronic components. Demand is outpacing supply and prices of products, services and transportation are rising. Suppliers are changing their delivery forecasts while companies globally compete for high-demand components.

No one is untouched by the current state of affairs, including Xylem. The unavailability of component parts, a fire at the facility of a key supplier and the global disruptions brought on by the pandemic are all contributing to changes in lead times. In addition, multiple suppliers are de-committing our open orders on short notice. All of these factors are having an impact on our ability to deliver what you need, when you need it. As a result, please consider this letter a notice of force majeure.

Impact on Current Orders

Our colleagues are working hard to resolve the unavailability of component parts, which currently includes electronics and resins. However, given the dynamic situation, we are unable to estimate how long the challenges will persist. We will update you periodically as we learn more about the impact and duration of the component shortage on our ability to fulfill your order.

Impact on Future Orders

In parallel, we are extending our production and delivery lead times for future orders on a product-by-product basis. We will recommit orders on a regular basis and provide you with visibility to your shipments three (3) weeks ahead of time, based on the then-current view of product availability. If there is a change in the availability of parts, products may get to you faster.

Impact on Future Pricing

We are closely monitoring the impact of inflationary pricing from component suppliers, transportation companies and others as it may affect future pricing for new orders on some of our products.

How You Can Help

The phrase, 'we're in this together' has probably been spoken more in the past 14 months than in any other time in recent history. Simply put, we need your help to navigate the uncertainties. Here's how you can contribute to the solution:

- Place your firm orders as far out as possible (provide a 12 month view, if you can)
- Use order-entry tools, such as ship flag early no, to prevent significant pull-in of orders
- Most importantly, please avoid the urge to inflate your demand or exaggerate the date you need products to arrive

Our commitment to you remains steadfast. We will provide updates in a timely manner and will continue to explore all options to address issues that are in our control and to combat those that are not. If you have questions, please reach out to your sales representative.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael McGann". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Mike McGann

VP, Sensus Americas, Global Engineering and Assessment Services

Exhibit B

Fishers Island Electric Corporation
AMI Meters Installed
As of 07/22/24

2S CL200 240V Stratus IQ	376
2S CL320 240V Stratus IQ	340
4S CL20 240V Stratus IQ	4
12S CL120/208 Stratus IQ	8
9S Aclara KV2c	2
12S Aclara KV2c	4
16S Aclara KV2c	8
45S Aclara KV2c	2
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Fishers Island Electric Corporation
AMI Meters Pending Installation
As of 07/22/24

2S CL200 240V Stratus IQ	-
2S CL320 240V Stratus IQ	-
4S CL20 240V Stratus IQ	12
12S CL120/208 Stratus IQ	3
9S Aclara KV2c	-
12S Aclara KV2c	4
16S Aclara KV2c	-
45S Aclara KV2c	-
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Exhibit C**Fishers Island Electric Corporation****AMI Meter Costs****As of 07/22/24**

AMI Meters	80,144
Base Stations	33,075
RNI SaaS	27,840
Handheld Equipment	1,829
Analytics	38,671
Project Management	13,500
Meter Testing Equipment	21,334
Total AMI Meter Project Costs	216,393