



STATE OF RHODE ISLAND

DIVISION OF PUBLIC UTILITIES & CARRIERS

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TO: Rhode Island Public Utilities Commission

FROM: Alberico Mancini – Chief Regulatory Analyst, DPUC

DATE: June 13, 2022

RE: Docket No. 5258 – Narragansett Electric’s 2022 Revenue Decoupling Mechanism Reconciliation

INTRODUCTION

On May 13, 2022, The Narragansett Electric Company, d/b/a Rhode Island Energy (“RI Energy” or “Company”) filed its Annual Revenue Decoupling Mechanism (RDM) reconciliation for the 12-month period ending March 31, 2022. This filing is submitted pursuant to tariff RIPUC No. 2218 which the Public Utilities Commission (“PUC” or “Commission”) approved in Docket 4770.

The Division of Public Utilities and Carriers (the “Division”) has reviewed this filing to ensure the reconciliation is accurately calculated and in accordance with the relevant tariffs. This Memorandum presents the results of our review.

REVENUE DECOUPLING MECHANISM RECONCILIATION

The Company’s RDM reconciliation compares the Annual Target Revenue (“ATR”) as approved by the PUC to actual billed distribution revenues. The amount to be reconciled is the difference between the actual billed distribution revenue and the target revenue. This positive or negative amount will be charged or credited, respectively, to customers through the RDM adjustment factor.

The following summarizes the amounts included in the current filing and the calculation of the proposed adjustment factor.

RDM Reconciliation – Over Recovery	\$221,124
Net Unbilled LRS Billing Adjustments	\$4,344
Estimated Interest During Refund Period	<u>\$2,467</u>
Total Over-Recovery Including Interest	\$227,935
Forecasted July 1, 2022 – June 30, 2023 kWh Deliveries	7,384,435,372
Proposed RDM Adjustment Factor	(\$0.00003)

The total RDM reconciliation for the period ending March 31, 2022, was an over-recovery of \$221,124. This over-recovery includes \$14,604 related to the difference between target revenues of \$299,305,226 and the billed distribution revenues of \$299,319,830, plus \$1,031 of interest and 205,489 related to the remaining 2020 RDM Year over-recovery.

The proposed RDM Adjustment Factor includes the total RDM reconciliation of \$221,124 plus the Net Unbilled LRS Billing Adjustment of \$4,344 and estimated interest of \$2,467 during the refund period. The total amount to be returned to customers is \$227,935.

The Company reported that actual deliveries (7,327.5 GWh) for the 2022 RDM Year were slightly higher (0.7%) than the forecast deliveries (7,280 GWh) set for base rates in Docket No. 4770. The Company further analyzed the customer class GWh deliveries and concluded that negative variances in the Commercial and Industrial customer classes were offset by a positive variance in the Residential customer class resulting in the \$14,604 over-recovery.

Based on the total over-recovery of \$227,935 and the projected deliveries of 7,384,435,372 kWh for the July 1, 2022 through June 30, 2023 recovery period, the RDM factor calculates to be a credit of (\$0.00003)/kWh. The proposed factor is an increase from the current factor of (0.00042)/kWh. The impact to a residential Last Resort Service (LRS) customer consuming 500kWh per month will yield an increase of \$0.21 or 0.2%.

CONCLUSION/RECOMMENDATIONS

The Division has reviewed the filing in detail and concluded that the Company correctly calculated the proposed RDM adjustment factor. The Division recommends the approval of the proposed RDM Adjustment factor of (\$0.00003)/kWh as filed.