



STATE OF RHODE ISLAND

DIVISION OF PUBLIC UTILITIES & CARRIERS
89 Jefferson Boulevard
Warwick, Rhode Island 02888
(401) 941-4500
(401) 941-9207 - Fax

August 12, 2022

Via Electronic Mail

Luly Massaro
Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Blvd.
Warwick, RI 02888

RE: Re: Docket No. 22-08-GE – The Narragansett Electric Company d/b/a Rhode Island Energy Tariff Advice – Petition for Authority to Forgive Certain Arrearages for Low-Income and Protected Customers

Dear Ms. Massaro:

On behalf of the Division of Public Utilities and Carriers (“Division”), please accept for filing the attached memorandum regarding the above captioned docket.

Thank you for your attention to this submission.

Very truly yours,

/s/ Christy Hetherington

Christy Hetherington, Esq.
Chief of Legal Services
Division of Public Utilities and Carriers

Enclosure

cc: Service List



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Legal Section
89 Jefferson Boulevard
Warwick, Rhode Island 02888
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Date: August 12, 2022

Subject: Re: Docket No. 22-08-GE – The Narragansett Electric Company d/b/a Rhode Island Energy Tariff Advice – Petition for Authority to Forgive Certain Arrearages for Low-Income and Protected Customers

The Public Utilities Commission (“Commission”) solicits memoranda from the parties in this docket on whether The Narragansett Electric Company d/b/a Rhode Island Energy’s (“RIE” or “the Company”) arrearage forgiveness proposal constitutes a violation of R.I. Gen. Laws §§ 39-2-2 or 39-2-3.

By way of background, on June 24, 2022, RIE filed with the Commission a petition for authority to forgive certain arrearages for low-income and protected customers to effectuate the terms of a private settlement agreement entered into between PPL Corporation, PPL Rhode Island Holdings LLC (collectively “PPL”) and the Rhode Island Department of Attorney General (“AG”).¹ Having filed this matter pursuant to the

¹ Precisely, on or about May 19th, PPL and the AG entered into a private settlement agreement whereby PPL agreed to take particular actions deemed “Additional Commitments” negotiated to resolve the AG’s administrative appeal of the Division Order in Docket D-21-09 that granted authority for the transfer of ownership of The Narragansett Electric Company. The relevant settlement provision provides as follows:

Customer Arrearage Forgiveness. Within 30 days of closing, PPL shall seek PUC approval to forgive \$43.5 million in arrearages for low-income and protected residential customers, which represents 100% of the arrearages of over 90 days for those customers as of March 31, 2022. *May 19, 2022 Settlement Agreement Exhibit C, provision 1(b); 22-08-GE Petition at 3.*

Commission's R.I. Gen. Laws § 39-1-3(a) general jurisdictional authority and pursuant to the declaratory judgment provision of Commission Rule 810-00-00-1.11(c), the Company requests that the Commission "determine[] that providing this arrearage forgiveness to this subset of customers does not constitute undue rate discrimination under R.I. Gen. Laws § 39-2-2 or an unreasonable prejudice or preference under R.I. Gen. Laws § 39-2-3." *22-08-GE Petition at 6.*

The Division of Public Utilities and Carriers ("Division") asserts that the instant petition does not implicate R.I. Gen. Laws §§ 39-2-2 or 39-2-3 or require regulatory approval because the terms of the underlying Settlement Agreement are wholly private in nature. Although the parties to the Settlement Agreement agreed that "PPL shall seek PUC approval" for the arrearage forgiveness, and the Company has filed this petition in conformance with the agreement, this does not create regulatory jurisdiction where there is none. This requirement was negotiated as a private settlement, the terms of which are enforceable only through a private enforcement action. Moreover, implementation of the proposed arrearage forgiveness plan has no rate impact. Notably, the funds will be paid exclusively from shareholder sources which are not ratepayer derived. Furthermore, for regulatory accounting purposes, the Company represents that it will make adjustments as necessary so that the increased expense for the additional provision for uncollectible accounts does not impact any rate reconciliation mechanisms and does not impact the earnings sharing mechanisms. Finally, satisfaction of the Settlement Agreement has no direct bearing or consequence on RIE's regulatory status or on the totality of ratepayers it services.² For these reasons, the Division submits that dismissal of the instant petition, rather than issuance of an order on the substance therein, is appropriate.

Notwithstanding that the instant petition falls outside of regulatory bounds, the enormity of the residential arrearage levels underscored by this filing is a matter that should garner attention. To that end, the Division urges the Commission in due course to initiate a review and revision of the *Rules and Regulations Governing the Termination of Residential Electric, Gas and Water Service*, see 810-RICR-10-00-1. By taking this action, the Commission will help resolve the untenable status quo of residential arrearages and the derivative case of Bennett v. Division of Public Utilities and Carriers, C.A. No. PC-15-4214.

² It must be noted that the determination of who benefits from this proposed arrearage forgiveness is purely the result of a private negotiation, as if a gratuitous benefactor had paid. Although the Division supports fair and reasonable implementation of the terms of the settlement, the terms therein are not intended to be subject to negotiation, nor shall the Division attempt to change them.