

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

IN RE: THE NARRAGANSETT ELECTRIC COMPANY :
d/b/a RHODE ISLAND ENERGY’S PENSION :
ADJUSTMENT FACTOR FILING FOR THE : **DOCKET NO. 22-19-EL**
TWELVE-MONTH PERIOD ENDING MARCH 31, 2022 :

ORDER

On August 1, 2022, The Narragansett Electric Company d/b/a Rhode Island Energy (RI Energy or Company) filed its proposed electric Pension Adjustment Factor (PAF) with the Public Utilities Commission (PUC).¹ In support of its filing, RI Energy submitted the joint direct testimony and schedules of Jeffrey D. Oliveira, Regulatory Programs Specialist, employed by PPL Services Corporation and James H. Allen, Lead Analyst in the Pension and Environmental Accounting Group for the National Grid Service Company (the witnesses).² The Company proposed a credit factor of \$0.00045/kWh for effect on October 1, 2022.³

In their joint testimony, the witnesses explained that the PAF is based on the difference between the Company’s actual pension and post-retirement benefits other than pension (PBOP) expenses for the prior twelve-month period and the allowance included in base distribution rates.⁴ The Company is required to contribute to the pension and PBOP plans at a Minimum Funding Obligation level, which equals the amount billed to customers plus the amounts of capitalized

¹ All filings in this docket are available at the PUC offices located at 89 Jefferson Boulevard, Warwick, Rhode Island or at <https://ripuc.ri.gov/Docket-22-19-EL>. Pursuant to the Commission’s decision in Docket No. 4323, Order No. 21011 (Apr. 11, 2013), RI Energy is authorized to reconcile its actual pension and post-retirement benefits other than pensions expenses annually for the twelve-month period ending March 31. The difference between the Company’s actual expense and the allowance included in base distribution rates is either charged or credited to electric retail delivery customers on a uniform per kWh basis. The PUC approved the continuation of RIPUC No. 2119 as part of its decision in Docket No. 4770, In re: The Narragansett Electric Company d/b/a National Grid Electric and Gas Distribution Rate Filing, but with an adjusted rate allowance. See PUC Order No. 23823; [http://www.ripuc.ri.gov/eventsactions/docket/4770-4780-NGrid-Ord23823\(5-5-20\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/4770-4780-NGrid-Ord23823(5-5-20).pdf).

² Jt. Test. at 1, 3 (Aug. 2, 2021); [http://www.ripuc.ri.gov/eventsactions/docket/5054-NGrid Electric PAF 2020 \(08-03-2020\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/5054-NGrid Electric PAF 2020 (08-03-2020).pdf).

³ Jt. Test. at 9; Sch. JDO/JHA-2.

⁴ Jt. Test. at 5.

pension and benefits costs.⁵ On an annual basis, the Company reconciles its actual pension and PBOP expenses against the associated allowance in base distribution rates as determined in the most recent distribution rate case. Any difference between the pension and PBOP expenses and the associated allowance, either positive or negative, is reflected in rates assessed to the Company's electric customers through the PAF.⁶

The Company's FY2022 rate allowance for pension and PBOP costs total \$8,572,228, with pension costs accounting for \$3,756,296 of that amount and PBOP costs accounting for the remaining \$4,815,932.⁷ The Company's reconciliation showed an under-recovery of pension expense in the amount of \$2,645,493 for the twelve months ending March 31, 2022.⁸ The Company over-recovered PBOP expense in the amount of \$5,886,105 during that time period.⁹ The pension under-recovery combined with the over-recovery for PBOP resulted in a net current year over-recovery of \$3,240,613 plus \$208,568 in carrying charges to be credited to customers.¹⁰

The Company then adjusted the current year deferral by accounting for a remaining total balance of a \$134,012 from prior year deferrals.¹¹ The resulting net over-recovery from the current and prior years totals \$3,363,596, including interest. This figure is then divided by the 7,399,766,076 forecasted kWhs for the period October 1, 2022 through September 30, 2023, to arrive at the \$0.00045/kWh proposed credit factor.¹²

On September 13, 2022, the Division of Public Utilities and Carriers (Division) filed a memorandum recommending approval of RI Energy's proposed \$0.00045/kWh Credit Factor.

⁵ *Id.* at 6. The Company also incurs a carrying charge at the weighted average cost of capital if it fails to meet the Minimum Funding Obligation level.

⁶ *Id.* at 5.

⁷ Sch. JDO/JHA-1 at 1.

⁸ Sch. JDO/JHA-2 at 1.

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.*

The Division stated that it had reviewed the Company's filings and the responses to data requests and had no recommended adjustments to the Company's electric PAF.¹³

At an Open Meeting held on September 23, 2022, the PUC, based on the Division's recommendation, approved RI Energy's proposed 2022 Pension Adjustment Credit Factor for effect on October 1, 2022.

Accordingly, it is hereby:

(24514) ORDERED:

The Narragansett Electric Company d/b/a Rhode Island Energy's proposed 2022 Pension Adjustment Credit Factor of \$0.00045/kWh for effect on October 1, 2022, is approved.

EFFECTIVE AT WARWICK, RHODE ISLAND ON OCTOBER 1, 2022 PURSUANT TO AN OPEN MEETING DECISION HELD ON SEPTEMBER 23, 2022. WRITTEN ORDER ISSUED OCTOBER 19, 2022

PUBLIC UTILITIES COMMISSION



Ronald T. Gerwatowski

Ronald T. Gerwatowski, Chairman

Abigail Anthony

Abigail Anthony, Commissioner

John C. Revens, Jr.

John C. Revens, Jr., Commissioner

¹³ Bell Mem. (Sept. 13, 2022); <https://ripuc.ri.gov/sites/g/files/xkgbur841/files/2022-09/2219-DIV-PositionMemo%209-13-22.pdf>.

NOTICE OF RIGHT OF APPEAL: Pursuant to R.I. Gen. Laws §39-5-1, any person aggrieved by a decision or order of the PUC may, within seven (7) days from the date of the order, petition the Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or order.