

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

IN RE: THE NARRAGANSETT ELECTRIC :
COMPANY d/b/a RHODE ISLAND ENERGY :
PETITION FOR AUTHORITY TO FORGIVE : **DOCKET NO. 22-08-GE**
CERTAIN ARREARAGES FOR LOW-INCOME :
AND PROTECTED CUSTOMERS :

ORDER

On June 24, 2022, The Narragansett Electric Company d/b/a Rhode Island Energy (RI Energy or Company) (which is now under PPL ownership and control) filed a petition seeking authority from the Public Utilities Commission (Commission) to forgive the \$43.5 million in arrearages for low-income and protected residential customers identified in the Settlement Agreement.¹ According to the RI Energy, the filing was made to comply with its obligations under a May 19, 2022 Settlement Agreement entered into between the Rhode Island Attorney General (RIAG) and PPL Rhode Island Holdings, LLC in a Superior Court case.²

In its petition, the Company noted that the Commission has jurisdiction over this matter pursuant to its authority “to hold . . . hearings involving the . . . rates, . . . tolls, and charges . . . of . . . gas [and] electric distribution. . . utilities[,]” R.I. Gen. Laws § 39-1-3(a), and sought a legal determination that the Customer Arrearage Forgiveness provision of the Settlement did not violate R.I. Gen. Laws § 39-2-2 and R.I. Gen. Laws § 39-2-3 which prohibits a public utility from

¹ All documents filed in this matter can be found on the Commission’s website at <https://ripuc.ri.gov/Docket-22-08-GE>. The Settlement Agreement provides for \$43.5 million in arrearage forgiveness to low-income customers and protected customers, which was equal to the total amount of arrearages for those classes of customers that was more than 90 days past due as of March 31, 2022. Pet. at 4, ¶ 15.

² *Rhode Island Superior Court captioned Peter Neronha Attorney General of the State of Rhode Island v. Rhode Island Division of Public Utilities and Carriers, Linda George, Administrator in her Official Capacity Only; National Grid USA; Narragansett Electric; PPL Corporation; and PPL Rhode Island Holdings LLC*, C.A. No. PC-2022-01095. The RIAG had filed an administrative appeal from Division Order No. 24322 (Feb. 23, 2022), approving a May 4, 2021 joint petition filing by PPL Corporation, PPL Rhode Island Holdings, LLC, National Grid USA and The Narragansett Electric Company seeking the approval of the Division for authority to transfer ownership of Narragansett to PPL Rhode Island.

engaging in unjust rate discrimination or to give unreasonable preferences or prejudices (anti-discrimination provisions).³ In its petition, the Company argued that the proposal did not violate the statutes.⁴

The RIAG intervened in the docket to support the arrearage forgiveness proposal.⁵ The George Wiley Center, which is an organization advocating for the interests of low-income consumers in Rhode Island, intervened and strongly supported the proposal.⁶ The Division of Public Utilities and Carriers expressed no objection to the arrearage forgiveness proposal, and the Commission did not receive any objections from any other party.⁷

At an Open Meeting held on August 30, 2022, after reviewing the record, the Commission found that the Company met its obligation under the Settlement Agreement to seek approval from the Commission. The Commission determined that while it does have jurisdiction over the subject matter, it found that it was unnecessary under the circumstances for the Company to receive Commission pre-approval in order to carry out its commitment to forgive the \$43.5 million in arrearages as expressly provided in the Settlement Agreement and supported by the Attorney General and the George Wiley Center. While the Company also asked the Commission to make a factual determination relating to the anti-discrimination provisions, the Commission declined to make any determination with respect to the request, noting that it was not a condition for the Company to go forward under the terms of the Settlement Agreement.

³ Pet. at 3-4, ¶ 14.

⁴ Pet. at 6-7, ¶¶ 20-25.

⁵ RIAG Mem. of Support; <https://ripuc.ri.gov/sites/g/files/xkgbur841/files/2022-08/2208-AG-Memo%208-12-22.pdf>.

⁶ Wiley Center Mem. of Support; <https://ripuc.ri.gov/sites/g/files/xkgbur841/files/2022-08/2208-WileyCtr-Memo%208-12-22.pdf>.

⁷ The Division questioned whether the Commission had jurisdiction, concluding that regulatory approval was not required.

As a result of the Commission’s decision, the Company was free to move forward with its arrearage forgiveness plan without any further action of the Commission.⁸

The Commission notes that in response to Commission discovery, RI Energy explained that it:

Will not record any payment or contribution related to the arrearage forgiveness on its books. Rather, the Company will book the arrearage forgiveness as an increase to the provision for uncollectible accounts. Because it will be an increase in expense, it will reduce the net income on the regulated utility’s electric and gas earnings reports. For regulatory accounting purposes, the Company will make adjustments as necessary such 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.⁹

Nor, according to RI Energy, will the \$43.5 million of arrearage forgiveness appear in the “write-off” amount for purposes of future ratemaking, and the Company will not recover it from customers in any way.¹⁰

These are important ratepayer protections to ensure that shareholders remain responsible for fully funding the commitment, without any direct or indirect contribution from ratepayers now or in the future. The Commission will review and seek confirmation from the Division that RI Energy is conducting the proper accounting and calculations in future filings.

⁸ Following the Open Meeting, Commission legal counsel advised the parties of the decision and requested Counsel to RI Energy to advise of the expected time to execute and once completed, to provide an update and a notation in the Docket No. 4770 Low Income monthly report. (Email to Service List from Cynthia G. Wilson-Frias). The following morning, RI Energy legal counsel advised that on the same day as the Open Meeting, the Company provided notice to National Grid to implement the arrearage forgiveness to customers, which will take at least 30 days to implement. Therefore, the arrearage forgiveness will be implemented during the October bill cycle. Once the arrearage forgiveness implementation has been completed, the Company will provide an update to the Commission and reflect the arrearage forgiveness in the Docket 4770 Low Income monthly report. (Email to Cynthia G. Wilson-Frias from Celia O’Brien, Esq.).

⁹ RI Energy Response to PUC 1-2.

¹⁰ RI Energy Response to PUC 1-3.

Accordingly, it is hereby,

(24496) ORDERED:

While the Public Utilities Commission does have jurisdiction over the subject matter, it was unnecessary under the circumstances for the Company to receive Commission pre-approval in order to carry out its commitment to forgive the \$43.5 million in arrearages as expressly provided in the Settlement Agreement.

EFFECTIVE AT WARWICK, RHODE ISLAND PURSUANT TO AN OPEN MEETING
DECISION ON AUGUST 30, 2022. WRITTEN ORDER ISSUED SEPTEMBER 16, 2022.

PUBLIC UTILITIES COMMISSION



Ronald T. Gerwatowski, Chairman



Abigail Anthony, Commissioner



John C. Revens, Jr., Commissioner



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.