



STATE OF RHODE ISLAND

DIVISION OF PUBLIC UTILITIES & CARRIERS

Legal Section
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December 14, 2022

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

Re: Docket No. 22-33-EE

Dear Ms. Massaro:

At the December 8th hearing, Commission Chairman Gerwatowski directed Rhode Island Energy ("RIE" or the "Company") to complete a rate design chart, later marked as Exhibit RIE-16 ("RIE-16"), to illustrate, under multiple scenarios, the impact of refunding the projected 2022 \$40,000,000 Year-End Fund Balance. Upon conclusion of the hearing, Chairman Gerwatowski directed the parties to submit position letters by 1:00 P.M. on Wednesday, December 14, 2022 on their preferred methods of ratepayer reimbursement of the 2022 fund balance. On December 12, 2022, RIE submitted responses to Records Requests ("RR"), including Attachment RR 7-2, a rate design chart similar to RIE-16, but demonstrating calculations using the Division of Public Utilities and Carriers' ("Division") recommended funding levels.

Budget and Funding

The Division reiterates its position that the right size for electric-side implementation budget should be \$95,000,000, plus the projected \$3,286,300 performance-incentive. However, the Division is amenable to the Company retaining its proposed electric-side total budget of \$102,661,700 (implementation budget of \$99,375,400, plus its projected \$3,286,300 performance-incentive), but be funded at the Division's proposed budget level of \$98,286,300. During the program year, should the Company anticipate spending more than the Division's total level of recommended funding, then RIE should notify the Division and the Commission on or about June 30, 2023, of the need to overspend in accordance with the plan's built-in guidelines.

Year-End Balance Funds Returned to Ratepayers

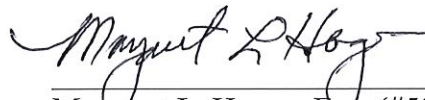
As mentioned above, Attachment RR 7-2 presents a range of possible scenarios with differing rebate levels and varying effects on the System Benefits Charge (“SBC”) for the first three months and the last nine months of 2023, using the Division’s recommended funding levels. The Division submits that there are twin goals to be balanced with this refunding: (1) providing immediate rate relief to struggling ratepayers this winter; and (2) preventing large increase in the SBC from 2023 to 2024. The Division anticipates that winter rates will likely remain high next year. Consequently, the Division is concerned with fluctuating SBCs, especially when the SBC upward pressure coincides with next year’s anticipated high winter rates. The Division opts for a balanced solution that provides both immediate moderate relief to ratepayers in the first three months of 2023 and a reasonably leveled SBC for the rest of the year.

Therefore, the Division recommends the scenario found in Line (7) of Attachment RR 7-2, which returns \$15,000,000 to ratepayers over the first quarter of 2023, resulting in an SBC just above zero. On April 1, 2023, the SBC would increase to 1.163 cents, but this increase would be buffered by an expected decrease in LRS rates. Recent EE factors have ranged from a low of 1.143 cents to a high of 1.353 cents for the period January 1, 2019 through December 31, 2022. This approach meets both the Division’s goals by reducing the typical residential user’s monthly bill by 3.7% (or \$5.78 in the first three months of the year) and prevents the SBC from exceeding any previously approved SBC charge for the remaining nine months of the 2023 calendar year.

Respectfully submitted:
Linda George, Administrator, Rhode
Island Division of Public Utilities
& Carriers

DATED: December 14, 2022

By her Attorney:



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