



STATE OF RHODE ISLAND

DIVISION OF PUBLIC UTILITIES & CARRIERS
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February 1, 2023

Via Electronic Mail

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

**RE: Docket No. 22-48-REG – Tariff Advice on Renewable Energy Growth Cost
Recovery Provision**

Dear Ms. Massaro:

On behalf of the Division of Public Utilities and Carriers (“Division”), please accept for filing the attached memorandum from Joel Munoz, Division Rate Analyst, that provides the agency’s comments regarding the above referenced 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: 22-48-REG Service List

Linda George, Esq., Division Administrator
John Spirito, Esq., Division Deputy Administrator
Paul Roberti, Esq., Division Chief Economic and Policy Analyst



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DIVISION OF PUBLIC UTILITIES & CARRIERS

Accounting Section
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**To: Luly Massaro, Commission Clerk
Rhode Island Public Utilities Commission**

**From: Joel Munoz, Rate Analyst
Division of Public Utilities & Carriers**

Date: February 1, 2023

**Re: R.I.P.U.C. Docket No. 22-48-REG
Tariff Advice on Renewable Energy Growth Cost Recovery Provision**

On November 16, 2022, Rhode Island Energy (“RIE” or the “Company”) filed with the Public Utilities Commission (“Commission”) a proposed Renewable Energy Growth (“REG”) Cost Recovery Provision (“Tariff Advice filing”), R.I.P.U.C. No. 2262 cancelling R.I.P.U.C. No. 2219, to go into effect January 1, 2023. At its Open Meeting on December 22, 2022, the Commission suspended the Tariff Advice filing to allow time for review of discovery responses and requested that the Division of Public Utilities & Carriers (“Division”) review the filing and submit a memo with its comments.

The current tariff contains language, such as references to National Grid, that is no longer applicable as a result of the acquisition. The Tariff Advice filing removes the outdated references and includes other minor language changes along with a change in the interest rate applied to any over or under cost recoveries from ratepayers related to the REG Program. The filing proposes to update the interest rate from the rate applicable to borrowers from the National Grid USA Money Pool to the interest rate applicable to the Company under the short-term affiliate borrowing arrangement with a PPL Corporation subsidiary.

The Division reviewed the filing, the discovery responses, and other reconciling tariff provisions that include references to interest rates. The Division found that the customer deposit rate is used to calculate interest in all instances except for the tariff in question in this filing and the Long-

Term Contracting for Renewable Energy Recovery (“LTCRER”) Provision.¹ The customer deposit rate is set at the average rate over the prior calendar year for 10-year Constant Maturity Treasury Bonds and is adjusted annually on March 1st. The rate is currently 1.45% and will adjust to 2.95%, effective March 1, 2023. The Division believes it would be more appropriate to use the customer deposit rate for all reconciling factors for consistency purposes and to avoid any inequity. As an example, it would not be fair for a customer that has a deposit on file to pay a different rate, and a potentially higher rate, on a reconciling mechanism that is in an under recovered position. The Division notes that the Company’s response to PUC data request 1-5, states in part: *“The Company is not opposed to updating its tariff to apply the customer deposit rate in the Renewable Energy Growth Program Reconciliation and the Long-Term Contracting Recovery Factor for purposes of calculating interest to be recovered from or refunded to customers in future filings.”*

Based on the Division’s review and analysis, we recommend that both the REG Cost Recovery Provision and the LTCRER tariffs reflect the customer deposit rate for the purpose of calculating interest. The Division believes that our recommendation in this docket would require some additional wording changes to the tariff to omit any references to “short term” interest rate and clarity on the implementation and effective date of the change in interest rates. The Division recommends the Company submit a revised filing to reflect the customer deposit rate and any other necessary wording changes. The Division has no objection to the other wording changes proposed in the Tariff Advice filing submitted on November 16, 2022, in this docket.

¹ R.I.P.U.C. 2198, Transmission Service Cost Adjustment Provision does not include an interest rate reference, however the Company uses the customer deposit rate in its calculations.