

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

IN RE: THE NARRAGANSETT ELECTRIC COMPANY :
d/b/a RHODE ISLAND ENERGY 2022 RENEWABLE : **DOCKET NO. 22-04-REG**
ENERGY GROWTH PROGRAM FACTOR FILING :

REPORT AND ORDER

I. Introduction

On June 30, 2022, The Narragansett Electric Company d/b/a Rhode Island Energy (RI Energy or Company) filed with the Public Utilities Commission (Commission) proposed Renewable Energy Growth (RE Growth) Program factors and RE Growth Program Reconciliation factors (reconciliation factors) for effect October 1, 2022.¹ The effect of the proposed RE Growth Factors and RE Growth Reconciliation Factors on the monthly bill of a residential Last Resort Service (LRS) customer using 500 kWh is a decrease of \$0.92, or approximately 0.8%.²

The proposed program factors were based on an estimate of costs for the 2022 program year which commences on April 1, 2022 and continues through March 31, 2023. The proposed reconciliation factors were based on the actual costs for the program year, April 1, 2021 through March 31, 2022, plus carryover costs from prior years. The program factors and reconciliation factors are fixed monthly charges that vary by rate class and appear together as a single separate line item on customer bills.

On August 31, 2022, the Division of Public Utilities and Carriers' (Division) filed a memorandum which reviewed the filing and concluded that the proposed program recovery factors and reconciliation factors were in accordance with law and the approved tariff. The Division

¹ RI Energy's 2022 Renewable Energy Growth Factor Filing (June 30, 2022); https://ripuc.ri.gov/sites/g/files/xkgbur841/files/2022-07/22-04-RIE-REGReconci_06-30-22.pdf.

² Blazunas and Oliveira Test. (Jt. Test.) at 35.

further recommended that the Commission approve the factors, for an effective date of October 1, 2022.³ At an Open Meeting held on September 23, 2022, the PUC approved the factors.

II. RI Energy's Filing

In support of the factors, RI Energy submitted the joint testimony of Peter R. Blazunas, Project Manager for Concentric Energy Advisors, Inc. ("Concentric"), a management consulting firm, and Jeffrey D. Oliveira, a Regulatory Programs Specialist of PPL Corporation. Their testimony presented the Company's estimate of the incremental cost subject to recovery for the period April 2022 through March 2023 to administer the RE Growth program and the calculations of the proposed RE Growth program factors designed to recover that cost. The filing also presented the reconciliation of revenue to actual costs for the prior program years.

A. Renewable Energy Growth Program

The RE Growth tariff provides for the recovery of incremental costs associated with the RE Growth Program from all retail delivery customers through a fixed monthly service charge. The Company is required to purchase the output generated by qualified Distributed Generation projects and compensate program participants in the form of Performance Based Incentives (PBI). The program participants assign all energy, capacity, and Renewable Energy Certificates (RECs) to the Company. The Company sells the generated energy. The Company may also sell the RECs, or they may be used to satisfy the Company's Renewable Energy Standard compliance obligations. The Company may also bid eligible RE Growth projects into the Independent System Operator-New England's Forward Capacity Market (FCM) with customers receiving 90% of the proceeds

³ Division's Memorandum (Aug. 31, 2022); https://ripuc.ri.gov/sites/g/files/xkgbur841/files/2022-07/22-04-RIE-REGReconci_06-30-22.pdf.

and RI Energy receiving 10%. The proceeds from the sale of the energy, the RECs, and the customer's share of FCM proceeds are used to offset the costs of the RE Growth Program.⁴

1. Estimated Costs for the 2022 RE Growth Program

In its filing, the Company projected net expense for the 2022 program year totaling \$16,593,801.⁵ PBI payments comprise \$38,483,171 but from this is deducted the estimated value of the market products of \$23,010,892 along with the customers' share of Forward Capacity Market proceeds of \$55,639. The remaining \$1,177,161 was estimated administrative expenses.⁶

2. Calculation of 2022 Rate Class RE Growth Factors.

The estimated expense for the 2022 program year is allocated to each rate class based on a rate base allocator developed from the allocated cost of service study approved in the PUC's Order No. 23823 in Docket No. 4770.⁷ The allocated amount for each rate class is divided by the forecasted number of bills during the period of October 2022 through September 2023 to determine the monthly charge for each rate class. The result is further adjusted to include an uncollectible factor of 1.3%.⁸

B. Reconciliation & Proposed Factors

The Company is required to annually reconcile RE Growth program revenue and costs. The excess or deficiency after reconciliation, including interest at the Company's short-term interest rate, is credited to or recovered from all customers through the RE Growth reconciliation factors. For billing purposes, the reconciliation factors for 2022 are included with the 2022 program factors on a single line item of the customers' bills.⁹

⁴ Joint Test. at Sched. NECO-2.

⁵ Sched. NECO-2.

⁶ *Id.*

⁷ Commission Order 23823, Docket No. 4770; [http://www.ripuc.ri.gov/eventsactions/docket/4770-4780-NGrid-Ord23823%20\(5-5-20\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/4770-4780-NGrid-Ord23823%20(5-5-20).pdf).

⁸ Jt. Test. at Sch. NECO-2.

⁹ *Id.* at 20.

The 2022 RE Growth program reconciliation summary¹⁰ showed revenue of \$22,547,110, total costs of \$21,689,974,¹¹ and forfeited performance guarantee deposits credited to customers of \$609,533, resulting in an under-recovery of \$1,466,668, plus interest. The net over-recovery of the combined reconciliation was \$1,469,901.¹² The calculation of reconciliation factors for each rate class followed the same steps as the calculation of the 2022 program factors, including the allocation to rate classes based on a rate base allocator and the adjustment for uncollectible accounts.¹³

III. Division of Public Utilities and Carriers

On September 2, 2022, the Division of Public Utilities and Carriers' (Division) filed a memorandum authored by Mike Brennan, its consultant. In his memorandum, Mr. Brennan reviewed the filing and concluded that the proposed program recovery factors and reconciliation factors were correctly calculated and are in accordance with the statute and approved tariff.

IV. Commission's Decision

At an Open Meeting held on September 23, 2022, the PUC reviewed the record and consistent with the Division's determination that the factors and reconciling factors were calculated in accordance with the tariff, approved the proposed RE Growth factors as filed.

Accordingly, it is hereby

(24612) ORDERED:

1. The Narragansett Electric Company d/b/a Rhode Island Energy's 2022 RE Growth Factors are approved as filed for effect October 1, 2022.

¹⁰ Sch. NECO-3.

¹¹ Sch. NECO-3.

¹² Joint Test. at Sch. NECO-3 at 1, Section 1.

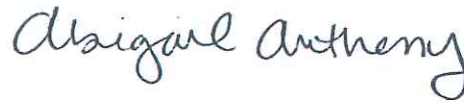
¹³ Joint Test at Sch. NECO-3 at 1, Section 2.

EFFECTIVE AT WARWICK, RHODE ISLAND ON OCTOBER 1, 2022 PURSUANT TO AN OPEN MEETING DECISION ON SEPTEMBER 23, 2022. WRITTEN ORDER ISSUED MARCH 1, 2023.

PUBLIC UTILITIES COMMISSION



Ronald T. Gerwatowski, Chairman



Abigail Anthony, Commissioner



John C. Revers, 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 days from the date of the order, petition the Rhode Island Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or order.