

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

IN RE: PASCOAG UTILITY DISTRICT :
ANNUAL RECONCILIATION OF THE :
STANDARD OFFER SERVICE RATE, : **DOCKET NO. 4895**
TRANSMISSION CHARGE AND TRANSITION :
CHARGE AND PROCUREMENT PORTFOLIO – 2019 :

ORDER

On November 5, 2018, Pascoag Utility District (Pascoag or District) submitted an annual reconciliation of its Power Supply Service,¹ Transmission Charge,² and Transmission³ Rates for effect January 1, 2019.⁴ On November 30, 2018, Pascoag filed updated schedules to reflect actual October expenses and revenues, leaving only November and December expenses and revenues to be estimated. The updated schedules reflected a reduction in the forecasted under-collection of revenues from the prior year. In this updated filing, Pascoag requested approval of an increase of its Power Supply Service charge from \$0.07166 per kWh to \$0.07793 per kWh, an increase in Transition charge from \$0.00040 to \$0.00161, an increase in the Transmission charge from \$0.02973 per kWh to \$0.03186 per kWh, and a Purchase Power Reserve Fund Credit of (\$0.00291). The proposed rates reflect a reconciliation of expenses to revenues for these categories of expenses for 2018. The impact for residential customers using 500 kilowatt hours (kWh) of electricity a month was an overall increase in rates of 7.6% or \$5.69 per month, from \$75.31 to \$81.00.

¹ Pascoag’s tariff defines its Power Supply Service charge as the charge for Pascoag to provide energy to its customers.

² The Transition Charge recovers the costs assessed to Pascoag for decommissioning costs related to the Seabrook Nuclear Power unit.

³ The Transmission Charge recovers Pascoag’s costs of getting electricity from the generating station to Pascoag’s substation.

⁴ Filings made in the instant matter are available at the PUC offices located at 89 Jefferson Boulevard, Warwick, Rhode Island or at <http://www.ripuc.ri.gov/eventsactions/docket/5194page.html>.

Pascoag included testimony of its General Manager, Michael Kirkwood in support of the filings. He explained that Pascoag’s power supply portfolio includes a total of 24% from sustainable energy resources; 18% from the Seabrook Nuclear facility, and 58% from primarily fossil facilities. Pascoag has a mix of contracts, including blocks, load-following, and hedging instruments. In addition, Mr. Kirkwood highlighted a recent investment it had made through a contract between Pascoag and Tangent Energy Solutions “for load reducing power from a newly constructed 1.1 megawatt gas-fired peak generation facility owned by Tangent and sited at Pascoag’s main office and operations campus.”⁵ The purpose of the Tangent peaking unit was to help Pascoag reduce its peak load obligation in order to lower certain transmission and energy related charges. Because of the sporadic operation of the facility, Pascoag did not include any estimates of savings in this filing.⁶ In discovery, Pascoag provided a quantification of its monthly peak load reduction for the period October 2017 through September 2018.⁷

Also, in this filing, Pascoag requested recovery of legal expenses that are directly related to power supply matters, particularly for matters where it is involved in proceedings before the Federal Energy Regulatory Commission through a fixed factor included in the energy charge. Mr. Kirkwood asserted that the expenses are variable and hard to predict.⁸ Pascoag currently has a \$19,500 allowance built into its base revenue requirement. Discovery responses show that Pascoag has exceeded that expense in all but two of the last six years.⁹ Incremental annual legal costs for power supply matters ranged from a low of \$1,284 to a high of \$22,085 over the past six years.¹⁰

⁵ Kirkwood Test. at 1 (Nov. 5, 2018).

⁶ *Id.* at 2.

⁷ Pascoag Response to PUC 2-1. This set of data responses also includes more contractual, technical, and operational information related to the Tangent unit.

⁸ Kirkwood Test. at 5-6.

⁹ Pascoag Response to PUC 1-1.

¹⁰ Kirkwood Test. at 6.

Pascoag proposed to track the power related legal fees each year to develop a factor to include with the purchase power expense. This would be reconciled each year.¹¹

On December 13, 2018, the Division of Public Utilities and Carriers (Division), filed a Memorandum summarizing Pascoag's filing, concluding that the proposed rates are reasonable and accurately calculated, and recommending that the PUC approve Pascoag's requested Power Supply, Transition, and Transmission rates. Following an evidentiary hearing held on December 18, 2018, the Commission conducted an Open Meeting on December 20, 2018, at which it unanimously approved the rates set forth in Pascoag's amended filing,¹² finding them to be calculated in accordance with the tariffs and prior Commission orders.

Accordingly, it is hereby

(24581) ORDERED:

1. Pascoag Utility District's Power Supply Service Charge of \$0.07793 per kWh is approved for usage on and after January 1, 2019.
2. Pascoag Utility District's Transition Charge of \$0.00161 per kWh is approved for usage on and after January 1, 2019.
3. Pascoag Utility District's Transmission Charge of \$0.03186 per kWh is approved for usage on and after January 1, 2019.
4. Pascoag Utility District's Purchase Power Restricted Fund credit of (\$0.00291) per kWh is hereby approved for usage on and after January 1, 2019.
5. Pascoag Utility District's supply procurement plan as required by R.I. Gen. Laws § 39-1-27.8 is approved.

¹¹ Pascoag Response to PUC 1-1.

¹² Minutes (Dec. 20, 2018); <https://ripuc.ri.gov/sites/g/files/xkgbur841/files/eventsactions/minutes/Minutes-December-20%2C-2018.pdf>.

EFFECTIVE AT WARWICK, RHODE ISLAND ON JANUARY 1, 2019, PURSUANT TO AN OPEN MEETING DECISION ON DECEMBER 20, 2018. WRITTEN ORDER ISSUED ON JANUARY 30, 2023.

PUBLIC UTILITIES COMMISSION



*Margaret E. Curran, Chairperson

*Marion S. Gold, Commissioner

Abigail Anthony
Abigail Anthony, Commissioner

Chairperson Curran and Commissioner Gold's respective terms have expired so they are unavailable for signature.

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 Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or order.