

**STATE OF RHODE ISLAND  
PUBLIC UTILITIES COMMISSION**

**IN RE: THE NARRAGANSETT ELECTRIC COMPANY           :**  
**D/B/A RHODE ISLAND ENERGY TARIFF ADVICE       :**  
**TO CHANGE THE SHORT TERM INTEREST RATE         :**  
**IN THE RENEWABLE ENERGY GROWTH PROGRAM       :** **DOCKET NO. 22-48-REG**  
**COST RECOVERY PROVISION AND LONG TERM         :**  
**CONTRACTING FOR RENEWABLE ENERGY            :**  
**RECOVERY FACTOR                                     :**

**ORDER**

On May 25, 2022, PPL Rhode Island Holdings, LLC, an indirect wholly owned subsidiary of PPL Corporation, acquired 100 percent of the outstanding shares of common stock of The Narragansett Electric Company, now doing business under the name Rhode Island Energy (RI Energy or Company). As a result, RI Energy refiled its then-current tariffs to reflect the name change. RI Energy found that the Renewable Energy Growth Program (REGrowth) Cost Recovery Provision included a reference to the National Grid Money Pool rate to be used as a carrying charge on over- and under-collections.<sup>1</sup> The National Grid Money Pool rate is only available to affiliates of National Grid. Thus, on November 16, 2022, RI Energy filed a revised tariff reflecting the new company name, striking reference to the National Grid Money Pool rate, and adding new language to reflect a short-term affiliate borrowing arrangement with PPL Corporation.

During the course of discovery, it became apparent that only two tariffs that allow for a forecast of costs with a reconciling provision used the National Grid Money Pool rate while all others that allowed for carrying charges used the customer deposit rate, a different short-term

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<sup>1</sup> The purpose of a carrying charge in a tariff that reconciles forecasted revenues against actual expenses, typically in a twelve-month period, is to account for the time during which either the Company is carrying an under-collection, or the ratepayers are contributing to an over-collection. In the situation where the Company carries an under-collection, ratepayers pay the interest. In the situation where the ratepayers have contributed to an over-collection of revenues compared to expenses, the amount refunded to ratepayers includes interest paid by the Company.

interest rate.<sup>2</sup> The other tariff was the Long-Term Contracting for Renewable Energy Recovery (LTCRER) Factor.<sup>3</sup> The Company explained that the purpose of the short-term interest rate in tariffs is to calculate the amount of interest to be refunded to or recovered from customers on the over- or under-recovery (excess or deficiencies).<sup>4</sup> The Company noted that there are no differences between the purpose of the short-term interest rate in the REGrowth Recovery or LTCRER tariffs and the other tariffs that use the customer deposit rate. As such, RI Energy would not object to using the customer deposit rate in these tariffs as well.<sup>5</sup>

On February 1, 2023, after reviewing the filing and the discovery responses, Joel Munoz, a Division of Public Utilities and Carriers Rate Analyst, recommended the tariffs use the customer deposit rate as the appropriate short-term interest rate, explaining that there is no real difference in the purpose of the short-term interest rate in the various tariffs and that using the customer deposit rate would allow for consistency across tariffs.<sup>6</sup> Mr. Munoz also advised that this recommendation would require an additional filing by RI Energy to show the new changes if the customer deposit rate were used and to clarify the implementation process to transition from the use of one calculation to the other.<sup>7</sup>

On February 14, 2023, the Company filed two revised tariffs showing the changes made to reflect use of the customer deposit rate. RI Energy also provided an attachment with two tables showing the timing of applying the two rates.<sup>8</sup> The customer deposit rate will be used to calculate the REGrowth Reconciliation Factor (within the REGrowth Cost Recovery Provision) for the

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<sup>2</sup> The customer deposit rate is the average rate over the prior calendar year for 10-year constant maturity Treasuring Bonds as reported by the Federal Reserve Board. See RIPUC No. 2243, ¶ 16.

<sup>3</sup> See RI Energy's Response to PUC 1-4.

<sup>4</sup> RI Energy's Response to PUC 1-3.

<sup>5</sup> RI Energy's Response to PUC 1-5.

<sup>6</sup> Munoz Mem. at 2.

<sup>7</sup> *Id.*

<sup>8</sup> Schedule SB-1.

twelve-month period ending March 31, 2023, effective October 1, 2023. Until that time, the Money Pool rate that was used in the REGrowth Reconciliation Factor calculation for the twelve-month period ending March 31, 2022 (effective on October 1, 2022), will continue to be used. The customer deposit rate will be used to calculate the interest on the deferral balances in LTCRER for the period commencing June 2022 on the factors. The Money Pool Rate will be used for calculating the interest on the deferral balances for the period January through May 2022.<sup>9</sup>

On March 7, 2023, through a memorandum filed with the Commission, Mr. Munoz advised that he had reviewed RI Energy's February 14<sup>th</sup> revisions along with the explanation of the transition from one short-term interest rate to the other. He found that RI Energy's proposal was reasonable and recommended approval of the two tariffs.

At an Open Meeting held on March 13, 2023, the Commission reviewed the filings and approved the revised tariffs filed by RI Energy on February 14, 2023, finding them to be consistent with the Division's recommendation to change the interest rate on both the REGrowth Cost Recovery Provision and the LTCRER Provision from the National Grid Money Pool rate to the customer deposit rate, along with the other wording changes recommended by the Division.

Accordingly, it is hereby

(24661) ORDERED:

1. RIPUC No. 2262, replacing RIPUC No. 2219, the Renewable Energy Growth Program Cost Recovery Provision, is hereby approved for effect March 20, 2023.
2. RIPUC No. 2267, replacing RIPUC No. 2175, the Long-Term Contracting For Renewable Energy Recovery Reconciliation Provision, is hereby approved for effect March 20, 2023.

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<sup>9</sup> *Id.*

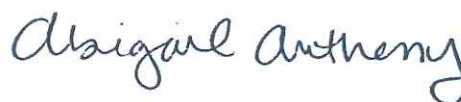
EFFECTIVE AT WARWICK, RHODE ISLAND ON MARCH 20, 2023, PURSUANT TO AN OPEN MEETING DECISION ON MARCH 13, 2023. WRITTEN ORDER ISSUED MAY 16, 2023.

PUBLIC UTILITIES COMMISSION



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Ronald T. Gerwatowski, Chairman



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Abigail Anthony, Commissioner



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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 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.