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Peter F. Neronha
Attorney General

June 20, 2023

Via Electronic Mail

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

RE: Docket No. 23-16-EL
The Narragansett Electric Company - Revenue Decoupling Mechanism Reconciliation for the 12-month Period Ending March 31, 2023

Dear Ms. Massaro:

On behalf of the Division of Public Utilities and Carriers, please accept for filing the attached memorandum from Al Contente, Rate Analyst, that provides the agency's comments regarding the above reference docket.

Thank you for your attention to this submission.

Very truly yours,

/s/ Gregory S. Schultz

Gregory S. Schultz
Special Assistant Attorney General
On behalf of the Division of Public Utilities and Carriers

Enclosure

cc: 23-16-EL Service List
Linda George, Esq., Division Administrator
John Spirito, Esq., Division Deputy Administrator
Christy Hetherington, Esq., Division Chief Legal Counsel
Paul Roberti, Esq., Division Chief Economic and Policy Analyst

STATE OF RHODE ISLAND

DIVISION OF PUBLIC UTILITIES & CARRIERS
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TO: Luly Massaro
Clerk, Public Utilities Commission

FROM: Al Contente
Rate Analyst, Division of Public Utilities and Carriers

DATE: June 20, 2023

SUBJECT: Docket No. 23-16-EL – The Narragansett Electric Company -- Revenue Decoupling Mechanism Reconciliation for the 12-month Period Ending March 31, 2023

INTRODUCTION

On May 15, 2023, The Narragansett Electric Company, d/b/a Rhode Island Energy ("RI Energy" or "Company") filed its Annual Revenue Decoupling Mechanism (RDM) reconciliation for the 12-month period ending March 31, 2023. This filing is submitted pursuant to tariff R.I.P.U.C. No. 2218 which the Public Utilities Commission ("PUC" or "Commission") approved in Docket 4770.

The Division of Public Utilities and Carriers (the "Division") has reviewed this filing to ensure the reconciliation is accurately calculated and in accordance with the relevant tariffs. This Memorandum presents the results of our review.

REVENUE DECOUPLING MECHANISM RECONCILIATION

The Company's RDM reconciliation compares the Annual Target Revenue ("ATR") as approved by the PUC to actual billed distribution revenues. The amount to be reconciled is the difference between the actual billed distribution revenue and the target revenue. This positive or negative amount will be credited or charged to customers through the RDM adjustment factor.

The following summarizes the amounts included in the current filing and the calculation of the proposed adjustment factor:

RDM Reconciliation – Under Recovery	\$5,094,260
Recovery of Excess RGGI Credits	\$416,258
Estimated Interest During Recovery Period	\$123,379
Total Recovery Amount Including Interest	\$5,633,897
Forecasted July 1, 2023 – June 30, 2024 kWh Deliveries	7,328,936,202
Proposed RDM Adjustment Factor	**\$0.00076**

The total RDM reconciliation for the period ending March 31, 2023, was an under-recovery of \$5,094,260. This under-recovery includes \$5,027,690 related to the difference between target revenues of \$299,305,226 and the distribution revenues of \$294,277,536, plus \$39,804 of interest and a remaining under recovery of \$26,766 related to the FY 2021 RDM. As explained on page 8 of the testimony accompanying the filing, "the FY 2023 annual billed distribution revenues includes the amount of customer charge revenue that was deferred during the October 2022 through March 2023". The Division is in agreement with including the deferred amounts in billed distribution revenues for FY 2023, otherwise distribution revenues would be understated for the period and the corresponding adjustment factor would be overstated.

Also included in this year's RDM calculation is \$416,258 related to Green House Gas Initiative (RGGI) credits provided to low-income customers during the past winter to mitigate the impacts of the high winter rates. The \$416,258 represents credits provided in excess of available RGGI funding. The bill credits were set at a fixed dollar amount, but customer counts were estimated so the possibility of having an under or overage was known and it was agreed that if credits were provided in excess of the available funding then the shortfall would be recovered though the RDM mechanism. Therefore, the inclusion of the \$416,258 in the RDM calculation is appropriate. The calculation also includes estimated interest of \$123,379 during the recovery period of July 1, 2023 – June 30, 2024. The total amount to be collected from customers is \$5,633,897.

The Company reported that actual deliveries (7,263 GWh) for the 2023 RDM Year were slightly lower (0.2%) than the forecast deliveries (7,280 GWh) set for base rates in Docket No. 4770. The Company further analyzed the customer class GWh deliveries and concluded that negative variances in the Commercial and Industrial customer classes were larger than the positive variance in the Residential customer class resulting in the \$5,094,260 under-recovery.

Based on the total amount to be recovered of \$5,633,379 and the projected deliveries of 7,328,936,202 kWh for the July 1, 2023 through June 30, 2024 recovery period, the RDM factor calculates to a charge of \$0.00076/kWh. The proposed factor is an increase from the current factor of (0.00003)/kWh. The impact to a residential Last Resort Service (LRS) customer consuming 500kWh per month will yield an increase of \$0.42 or 0.3%.

CONCLUSION/RECOMMENDATIONS

The Division has reviewed the filing in detail and concluded that the Company correctly calculated the proposed RDM adjustment factor. The Division recommends approval of the proposed RDM Adjustment factor of $0.00076/kWh as filed.