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July 14, 2023

VIA ELECTRONIC MAIL

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

**RE: Docket No. 22-49-EL-The Narragansett Electric Company d/b/a Rhode Island Energy
Advanced Metering Functionality Business Case
Responses to PUC Data Requests – PUC Set 9**

Dear Ms. Massaro:

On behalf of The Narragansett Electric Company d/b/a Rhode Island Energy (“Rhode Island Energy” or the “Company”), attached is the electronic version of Rhode Island Energy’s responses to the Public Utilities Commission’s Ninth Set of Data Requests in the above-referenced matter.¹

Thank you for your time and attention to this matter. If you have any questions, please contact Jennifer Brooks Hutchinson at 401-316-7429.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Jennifer Brooks Hutchinson", with a long horizontal flourish extending to the right.

Jennifer Brooks Hutchinson

Enclosures

cc: Docket No. 22-49-EL Service List
John Bell, Division
Leo Wold, Esq.

¹ Per communication from Commission counsel on October 4, 2021, the Company is submitting an electronic version of this filing followed by hard copies filed with the Clerk within 24 hours of the electronic filing.

CERTIFICATE OF SERVICE

I certify that a copy of the within documents was forwarded by e-mail to the Service List in the above docket on the 14th day of July, 2023.



Adam M. Ramos, Esq.

The Narragansett Electric Company d/b/a Rhode Island Energy
Docket No. 22-49-EL Advanced Meter Functionality (AMF)
Service list updated 4/17/2023

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PUC 9-1

Request:

Attached is an Excel schedule marked PUC Schedule 9-1 that reformats some of the information contained in the Company's responses to PUC 7-9 and PUC 7-13 and which also sums various dollars.

- (a) Please confirm the information in the Column (a) boxes is consistent with the Company's representations in those data requests.
- (b) Column (b) sets forth the forecast of funds the Company is or will be holding for the benefit of ratepayers until new base rates are in effect (the effective date of the rates will affect Year 2026). Please confirm these figures are consistent with the information previously provided by the Company in PUC 7-9 and PUC 7-13 as included in Column (a) and is correctly summed and allocated.

Response:

- a. The information on PUC Schedule 9-1, Column (a) is consistent with the forecasted information provided in the responses to PUC 7-9 and PUC 7-13. The MRP Rate Level Credits on Line 4 is the cumulative amount from the last distribution rate case through September 2025. There would continue to be an amount in base distribution rates until new rates are effective. The cumulative MRP deferral amount on Line 13 is from the last distribution rate case through August 2026.

For additional context, the amounts presented on PUC Schedule 9-1, Lines 1 through 3, were based on the Company's illustrative revenue requirement on Schedule SAB/BLJ-1, Page 1. As part of that overall revenue requirement, the Company proposed to reduce the illustrative AMF revenue requirement each year by the respective annual level of AMF recovered in base rates of approximately \$1.2 million per year (Schedule SAB/BLJ-1, Page 1, Line 16). In addition, the Company proposed to reduce the illustrative AMF revenue requirement in Recovery Years 1 through 3 for the cumulative amount of AMF that was recovered in base rates since the last distribution rate case through the beginning of AMF recovery (Schedule SAB/BLJ-1, Page 1, Lines 18 through 20). For those lines, the cumulative amounts credited to the revenue requirement each year were allocated over a few years to mitigate the overall revenue requirement each year; however, if the revenue requirement amount was to change by year, the total amount proposed to be credited to the revenue requirement could be allocated differently amongst the Recovery Years and not limited to Years 1 through 3.

The Narragansett Electric Company
d/b/a Rhode Island Energy
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Issued July 6, 2023

- Of the forecasted \$14.8 million of MRP Deferrals on PUC Schedule 9-1, Column (a), Line 13, approximately \$7.7 million is related to the Electric Transportation Initiative (“ETI”) programs, as shown on Attachment PUC 7-13, Page 2, Line 4. The ETI program costs are among the Special Sector Program costs identified in Section 20 of the Amended Settlement Agreement approved by the Public Utilities Commission (the “Commission”) in Docket No. 4770 (see Report and Order No. 23823 issued on May 5, 2020) that are subject to a deferral mechanism in recognition of the uncertainty of timing and control of the programs. Section 20 further provides that the Commission shall determine how it shall apply a deferral held for the benefit of customers against other programs or costs that otherwise might have been borne by customers. At an Open Meeting on August 30, 2022, the Commission discussed the ETI and advised the Company to seek Commission authorization to continue the ETI and/or to alter any of the targets established in the Amended Settlement Agreement for Rate Year 5 and beyond. Therefore, the Company paused the ETI programs in Rate Year 5. In consultation with other member of the Power Sector Transformation Advisory Group, the Company anticipates that it will submit a filing to the Commission later this year to propose additional ETI programs together with a proposal to use the ETI deferral to fund such programs until the time of the Company’s next base distribution rate case.
- b. The information set forth in PUC Schedule 9-1, Column (b) is correctly summed and allocated based on the figures presented in Column (a). The Company assumes the amounts in Column (b) to represent the funds that would be available each year shown on the schedule, assuming that the funds were not approved to be used for other programs. With that assumption, as the Company described in the response to part (a), a portion of the amounts for the MRP Rate Level Credits in Yr 2025 and Yr 2026 represent amounts that were recovered in base rates since the last distribution rate case and the Company allocated those cumulative amounts over multiple years to mitigate the revenue requirements in those years. As such, those amounts could be available in Yr 2024.

Accounting of Forecasted Ratepayer Credits & Deferrals from MRP

PUC Schedule 9-1

(a)		
<i>MRP Rate Level Credits</i>		
1	Yr 2024	325,733 PUC 7-9, page 2, line 1(c)
2	Yr 2025	4,033,026 PUC 7-9, page 3, line 1(c)
3	Yr 2026*	3,086,148 PUC 7-9, page 4, line 1(c)
4	Subtotal Credits	7,444,907

(b)		
<i>Estimated Ratepayer Funds Available by Year</i>		
Yr 2024	9,607,654	Sum of lines 1, 5, 6, 7, 8, 9, 10 of col. (a)
Yr 2025	6,757,788	Lines 2+11 of col. (a)
Yr 2026*	5,888,910	Lines 3+12 of col. (a)
	22,254,352	matches line 14 of col. (a)

<i>MRP Deferrals</i>		
5	Rate Yr 2019	(720,603) PUC 7-13, page 1
6	Rate Yr 2020	1,087,714 PUC 7-13, page 1
7	Rate Yr 2021	2,334,923 PUC 7-13, page 1
8	Rate Yr 2022	1,837,472 PUC 7-13, page 1
9	Rate Yr 2023	2,134,653 PUC 7-13, page 1
10	Rate Yr 2024	2,607,762 PUC 7-13, page 2
11	Rate Yr 2025	2,724,762 PUC 7-13, page 2
12	Rate Yr 2026	2,802,762 PUC 7-13, page 2
13	Subtotal Deferrals	14,809,445
14	TOTAL Credits + Deferrals	22,254,352 Line 4 + 13

* Calendar Year 2026; does not take into account date of new rates from base distribution rate case.

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PUC 9-2

Request:

Referencing SAB/BLJ-1 page 1 of 27, line 1 and the Company's response to PUC 1-13, Attachment PUC 1-13, page 1 of 4, the Company shows no meters placed in service in AMF Recovery Year 1 and yet, there is \$1,388,661 of capital expense related to meters which is resulting in a revenue requirement for meters of \$86,857 in AMF Recovery Year 1.

- (a) Please explain how the illustrative revenue requirement analysis is consistent with the accounting principle set forth in the Company's responses to PUC 1-9, PUC 4-2, and PUC 7-11.

Response:

As described in the Company's responses to PUC 4-5 and PUC 7-10, in the illustrative revenue requirement on Schedule SAB/BLJ-1, the Company had included program costs such as capitalized "vendor/external labor" costs as in-service in the year that the costs were forecasted to be spent for illustrative purposes only. However, for purposes of cost recovery, these program support costs (such as those shown on Attachment PUC 1-13, Page 1 of 4) will be allocated to the various capital investments that are being supported by these program costs and the allocated amounts will be included in the individual investment capital costs and placed into service when the specific investment(s) is/are determined to be capitalized, at which time those costs would be included in the revenue requirement for cost recovery through the approved cost recovery mechanism. The Company will not seek recovery of the program support costs prior to the applicable capital investments being placed in service and included for cost recovery. As such, for the illustrative revenue requirement that was provided in PUC 7-10-1, the Company reflected the program support costs for meters as in-service and eligible for cost recovery in the same year that the actual meter investments are reflected, which is consistent with the accounting principle set forth in the Company's responses to PUC 1-9, PUC 4-2, and PUC 7-11.