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August 15, 2023

VIA ELECTRONIC MAIL

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

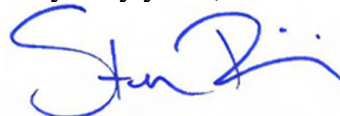
Dear Ms. Massaro:

**RE: Docket No. 23-23-NG - Rhode Island Energy Distribution Adjustment Charge Filing
Response to Division Data Request – Set 2**

On behalf of The Narragansett Electric Company d/b/a Rhode Island Energy (“Rhode Island Energy” or the “Company”), I have enclosed the Company’s response to the Second Set of Data Requests issued by the Division of Public Utilities and Carriers in the above-referenced docket.

Please contact me if you have any questions. Thank you for your attention to this matter.

Very truly yours,



Steven J. Boyajian

cc: Docket 23-23-NG Service List
Leo Wold, Esq.
John Bell, Division
Al Mancini, Division

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate were electronically transmitted to the individuals listed below.

The paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.

Elaina M. Weir

August 15, 2023

Date

Docket No. 23-23-NG – Narragansett Electric Co. d/b/a Rhode Island Energy 2023 Gas Cost Recovery Filing (GCR) 2023 Distribution Adjustment Clause (DAC) Service List as of 8/3/2023

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Division 2-1

Request:

On Page 6 of 8, lines 7-10 of the testimony of Tyler G. Shields filed on the June 30, 2023 in Docket No. 23-23-NG, the Company states “The Company continues to use the Target Revenue-Per-Customer approved in Docket No. 5040 and will continue to use these targets in the calculation of RDM adjustments until new base distribution rates are established for gas service.” Effective June 19, 2023, the General Assembly amended R.I. Gen. Laws § 39-1-27.7.1 to provide “(c) The proposals shall contain the following features and components: (1) A revenue decoupling mechanism that reconciles annually the revenue requirement allowed in the company’s base distribution-rate case to revenues actually received for the applicable twelve-month (12) period,” deleting the provision stating “provided that the mechanism for gas distribution shall be determined on a revenue-per-customer basis, in a manner typically employed for gas distribution companies in the industry.” Please provide the following:

- (a) An explanation of why the Company “continues to use the Target Revenue-Per-Customer approved in Docket No. 5040?” in Dk 23-23-NG given the June 19, 2023 amendment to R.I. Gen. Laws § 39-1-27.7.1 quoted above;
- (b) An explanation of why the Company “will continue to use these targets in the calculation of RDM adjustments until new base distribution rates are established for gas service” given the June 19, 2023 amendment to R.I. Gen. Laws § 39-1-27.7.1 quoted above;
- (c) Identify the RDM amount for the 12-month period ending March 31, 2023 if it were not determined on a “revenue-per-customer” basis but rather in the manner that the RDM amount is determined for the Company’s electric distribution service; and
- (d) Provide the schedules showing how the RDM amount in subpart (c) is calculated.

Response:

- (a) Please note that the amendment to R.I. Gen. Laws § 39-1-27.7.1 only removed the requirement that the Company calculate the revenue decoupling mechanism reconciliation on a revenue-per-customer basis. The amended language does not preclude the Company from continuing to calculate the revenue decoupling mechanism on a revenue-per-customer basis.

Division 2-1, Page 2

The Company believes it is appropriate at this time to continue to calculate the revenue decoupling mechanism reconciliation on a revenue-per-customer basis because it is the methodology that has been approved by the Commission historically, and because no alternative methodology for calculating the revenue decoupling mechanism reconciliation has been fully evaluated and vetted by the Company, proposed by any party or approved by the Commission.

- (b) As stated above, the Company believes it is appropriate at this time to continue to calculate the revenue decoupling mechanism reconciliation on a revenue-per-customer basis because it is the methodology that has been approved by the Commission historically, and as no alternative methodology for calculating the revenue decoupling mechanism reconciliation has yet been proposed by any party, sufficiently vetted, or approved by the Commission. Any alternative methodology would need to be fully vetted by all parties and approved by the Commission prior to implementation by the Company.
- (c) Assuming that the Company's adjusted actual base revenue were reconciled against authorized base revenue (based on the approved annual revenue in Docket No. 5040) on a monthly basis in a manner similar to how, for the Company's electric revenue decoupling mechanism, actual billed distribution revenue is reconciled against its Annual Target Revenue (i.e., the annual distribution revenue requirement as approved by the Commission in a general rate case and otherwise adjusted in a manner approved by the Commission), the total ending balance under/(over) recovery for the 12-month period ending March 31, 2023 would be \$14,231,106.

Please note, however, that any alternative methodology for calculating the revenue decoupling mechanism reconciliation would need to be fully vetted by all parties and approved by the Commission prior to implementation by the Company. Such a fully vetted alternative may result in a different total ending balance under/(over) recovery for the 12-month period ending March 31, 2023.

- (d) Please refer to Attachment Division 2-1.

