



STATE OF RHODE ISLAND

DIVISION OF PUBLIC UTILITIES & CARRIERS  
89 Jefferson Boulevard  
Warwick, Rhode Island 02888  
(401) 941-4500  
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September 20, 2023

*Via Electronic Mail*

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

**RE: Docket No. 23-27-EL – Rhode Island Energy’s Electric Pension Adjustment Factor Filing**

Dear Ms. Massaro:

On behalf of the Division of Public Utilities and Carriers (“Division”), please accept for filing the attached memorandum from Division Chief Accountant, John Bell, that provides the agency’s comments regarding the above referenced docket.

Thank you for your attention to this submission.

Very truly yours,

*/s/ Christy Hetherington*

Christy Hetherington, Esq.  
Chief of Legal Services  
Division of Public Utilities and Carriers

Enclosure

cc: 23-27-EL Service List

Linda George, Esq., Division Administrator  
John Spirito, Esq., Division Deputy Administrator  
Paul Roberti, Esq., Division Chief Economic and Policy Analyst



## STATE OF RHODE ISLAND

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89 Jefferson Boulevard  
Warwick, Rhode Island 02888  
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**To: Luly Massaro, Commission Clerk  
Public Utilities Commission**

**From: John Bell, Chief Accountant  
Division of Public Utilities & Carriers**

**Date: September 20, 2023**

**Re: Docket 23-27-EL, Rhode Island Energy's Electric Pension Adjustment Factor Filing**

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The purpose of this memo is to provide the Division's recommended position concerning Rhode Island Energy's Electric Pension and Postretirement Benefits Other than Pension (PBOP) Adjustment Factor (PAF) filing submitted on August 15, 2023 in the above referenced docket.

Rhode Island Energy ("RIE" or the "Company") submitted the filing in accordance with its Pension Adjustment Mechanism Provision tariff. The tariff states in part:

*The PAF shall recover or credit the prior year's reconciliation of the Company's actual pension and PBOP expenses to the Company's most recently approved pension and PBOP expense allowance include in distribution base rates, including interest at the rate of interest paid on customer deposits.*

The tariff further states:

*The PAF shall be a uniform per kilowatt-hour factor based on the estimated kilowatt-hours to be delivered by the Company to its retail delivery customers. For billing purposes, the PAF will be included with the distribution kWh charge on customers' bills.*

RIE's filing included joint testimony and supporting schedules of Jeffrey D. Oliveira and George R. Sunder. The joint testimony explains both the PAF mechanism and the schedules/calculations that support the Company's proposed PAF for effect on October 1, 2023. The current PAF is a credit of \$0.00045/kWh and the proposed PAF is a credit of \$0.00281/kWh which if approved would result in a bill decrease of \$1.23 or 0.9 percent for a residential customer using 500 kWhs per month. The proposed PAF is based on a net over recovery, including interest, of \$20.63M and

forecasted kWh sales for the period October 1, 2023 through September 30, 2024 of 7,324,058,339.

On August 25, 2023, the Division issued a set of data requests seeking copies of Excel files and additional supporting documentation for certain amounts included in the filing. The Company provided full responses to our data requests on September 1, 2023. I, along with our consultant Dave Effron, reviewed the filing, including the detailed calculations and supporting documentation. We concluded that the proposed PAF was accurately calculated and in accordance with the tariff. Accordingly, the Division recommends that the Public Utilities Commission approve the proposed PAF as filed.

### **Comments Related to RIE's Response to PUC Data Request 1-1**

RIE explained in their filing that if the PAF reconciliation continues to use the 12-month period ending March 31 of each year, then they will use two periods in their calculation: "April 1 to December 31 of one calendar year, and January 1 to March 31 of the following calendar year." This change is the result of the PPL Rhode Island Holdings, LLC purchase of the Company. The Company's fiscal year is now a calendar year which aligns with PPL Corporation's fiscal year. Prior to the acquisition, the Company was on a fiscal year ending March 31. In Data Request 1-1, the PUC asked whether it would be more efficient to base the reconciliation on a calendar year and if so, when the Company would propose making the filing. The Company responded that it would be more efficient to set the factors based on a calendar year which would allow for the use of a single actuarial report. The Company proposed making the filing on May 1 of year with rates effective July 1. The Company's proposal appears reasonable as it keeps the current 60-day review period in place, and it will result in a less complex filing. Moreover, because there are other rate changes that take place July 1 of each year, moving the PAF effective date from October 1 to July 1 would not add to the current number of rate changes each year. The Division supports the Company's proposal as a reasonable and efficient adjustment to the PAF factor setting and reconciliation process.