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Peter F. Neronha
Attorney General

November 22, 2023

Via Electronic Mail

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

RE: Docket No. 23-01-EL
Rhode Island Energy's October 24, 2023 Last Resort Service Filing

Dear Ms. Massaro:

On behalf of the Division of Public Utilities and Carriers, please accept for filing the attached memorandum from John Bell, Chief Accountant, that provides the Division's comments regarding its review of the proposed LRS rates for the Industrial Group for the period January 1, 2024 through March 31, 2024.

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: 23-01-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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Memorandum

TO: Luly Massaro
Clerk, Public Utilities Commission

FROM: John Bell
Chief Accountant, Division of Public Utilities and Carriers

DATE: November 22, 2023

SUBJECT: Docket No. 23-01-EL - Rhode Island Energy's October 24, 2023 Last Resort Service Filing

BACKGROUND

On October 24, 2023, The Narragansett Electric Company d/b/a Rhode Island Energy ("RIE" or "Company") filed proposed Last Resort Service ("LRS") rates for the Industrial Group for the period January 1, 2024 through March 31, 2024, together with the results of the Company's most recent LRS procurement. The Company submitted a Request for Confidential Treatment covering the detailed bid results. The Company submitted the confidential materials to the Division of Public Utilities and Carriers ("Division") for review and analysis. The Division reviewed the filing and submits this memo to the Public Utilities Commission ("Commission") for consideration.

As part of the Company's filing, it submitted the following information:

- The calculation of the retail LRS rates for the Industrial Group for the applicable service period.
- The Summary of Rates tariff for LRS reflecting the proposed Industrial Group Rates for the period beginning January 1, 2024.

- Bill impact analysis for the Industrial Group.
- A copy of the Request for Proposals (“RFP”) issued by the Company on September 8, 2023 to solicit LRS supply for the Residential and Commercial Group for the period April 1, 2024 – September 30, 2024, and for the Industrial Group for the period January 1, 2024 through March 1, 2024.
- A redacted summary of the procurement process identifying the key actions taken by RIE to procure LRS for its customers.

Unredacted versions of the Procurement Summary and Transaction Confirmations were supplied under separate cover.

Last Resort Service Procurement Plan Summary

Industrial Group: 100% of the load for January 2024 through March 2024

Commercial and Residential Groups: Procurement encompassing April 1, 2024 through September 30, 2024

With this most recent solicitation of 20% of the load requirement, a total of 75% has been procured for the Commercial and Residential Groups for the period April 1, 2024 through September 30, 2024. The Company will procure another 15% of the requirements in the first quarter of 2024. That procurement will total 90% of the load requirement for the same April through September 2024 time-period. The remaining 10% of procurement will be made in the spot market as per the Company’s approved Last Resort Procurement Plan.

Last Resort Service Proposed Rates – Industrial Group

The current filing seeks approval for LRS rates for the Industrial Group for the January 2024 through March 2024 time-period. The proposed rates are shown in Table T-1 below.

T-1

Line No.	Description	Jan 2024	Feb 2024	Mar 2024
1	Base Supply Rate per kWh	\$0.15085	\$0.15296	\$0.14950
2	Administrative Cost Factor	\$0.00780	\$0.00780	\$0.00780
3	Renewable Energy Standard Charge	\$0.00833	\$0.00833	\$0.00833
4	Total Retail Rate	\$0.16698	\$0.16909	\$0.16563

The factors shown on Lines 2 and 3 were previously approved by the Commission for effect on April 1, 2023, and are scheduled to remain in place through March 31, 2024, which coincides with the end of the scheduled pricing period. Prior to April 1, 2023, the LRS retail rate also included the LRS Adjustment Factor, however the factor is now incorporated in the Distribution Charge, which is billed to all customers and therefore not included in LRS rate. The base supply component shown on Line 1 includes cost of energy, estimated capacity costs, ancillary services, and a line loss factor. The RFP issued on September 8, 2023, contained 2 load blocks for the Industrial Group

with each block representing 50% load share. The Division reviewed the confidential information submitted in this docket and verified that the lowest bidder was selected for each load block.

Last Resort Service Industrial Group Winter Price History

Table T-2 below shows the proposed retail rates in this filing along with the rates for the previous four winter periods (Jan – Mar) for the industrial group.

T-2

	2020	2021	2022	2023	2024
Month	Cents/kWh				
Jan	12.487	10.531	24.153	40.727	16.698
Feb	12.371	10.264	22.843	40.887	16.909
Mar	9.818	8.526	15.368	31.710	16.563

The Division included this table for informational purposes to show pricing trends and notes that the LRS prices reflect market conditions as opposed to costs that are controllable by the utility. The proposed 2024 winter prices are significantly lower than 2023, however they remain considerably higher than the rates in place for years prior to 2022. Though winter LRS prices for the industrial group remain high when compared to historical rates, the Division notes that the rates impact very few customers because, as of October 2023, 93% of the industrial load is served by the competitive market.

RECOMMENDATIONS

Based on the Division’s review of Rhode Island Energy’s filing in this docket, we found that the proposed LRS rates were correctly calculated and that the power supply procurements undertaken by the Company in this reporting period comply with the PUC approved procurement plan. The Division recommends approval of the proposed LRS rates for the Industrial Group as filed.