



STATE OF RHODE ISLAND

DIVISION OF PUBLIC UTILITIES & CARRIERS

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Memorandum

DATE: February 20, 2024

TO: Luly Massaro, Commission Clerk
Public Utilities Commission

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

SUBJECT: Docket No. 23-48-EL - The Narragansett Electric Co. d/b/a Rhode Island Energy's FY 2025 Electric Infrastructure, Safety, and Reliability Plan

The Division of Public Utilities and Carriers ("Division") respectfully offers these comments on the revenue requirements associated with The Narragansett Electric Company's d/b/a Rhode Island Energy ("RIE" or "the Company") Fiscal Year 2025 Electric Infrastructure, Safety, and Reliability Plan ("Plan") filed on December 21, 2023. Section 5 of the Plan provides a description of the revenue requirements along with the supporting calculations and schedules. Section 6 of the Plan includes the calculation of the proposed CapEx and O&M Factors and Section 7 illustrates the bill impacts of the proposed factors.

The O&M component of the FY 2025 revenue requirement is \$13.1 million which is a decrease from the approved FY 2024 level of \$13.95 million. The FY 2025 proposed capital spend is \$140.9 million which results in a revenue requirement component of \$54.2 million or a decrease of \$1.2 million from the approved FY 2024 amount of \$55.4 million. The below table provides a comparison of the current and proposed Residential ISR factors:

<u>Factor</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>
ISR O&M Expense Factor	\$0.00245	\$0.00227	(\$0.00018)
ISR CapEx Factor	\$0.00710	\$0.00697	(\$0.00013)

The impact of the proposed ISR factors on a Last Resort Service residential customer using 500 kWh per month is a decrease of \$0.16 or -0.1%.

In Docket D-21-09, PPL represented that it would hold customers harmless from any rate impacts associated with the elimination of Accumulated Deferred Income Taxes. Consistent with this representation, the ISR revenue requirement for Fiscal Year 2024 includes a “Hold Harmless Adjustment” of approximately \$3.3 million (Section 5, Attachment 1, Page 1). The Division has been working with the Company to verify that the Hold Harmless Adjustment is properly calculated; however, our review is ongoing and has not been completed at this time. Since our review is ongoing, we reserve our right to provide our position and recommendation at the conclusion of the proceedings in this docket.

Other than our ongoing review of the Hold Harmless Adjustment, based on the review of the other components of RIE’s revenue requirements calculation and the development of the associated billing factors, the Division did not note any exceptions and the calculations appear to be made in accordance with the requirements of the tariff. As stated above, the Division reserves it right to provide a final revenue requirements recommendation at the conclusion of the proceedings.