

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

**IN RE: THE NARRAGANSETT ELECTRIC COMPANY d/b/a RHODE ISLAND
ENERGY'S GAS INFRASTRUCTURE, SAFETY & RELIABILITY PLAN FY 2025
DOCKET NO. 23-49-NG**

NOTICE OF PUBLIC HEARING

Pursuant to the provisions of R.I. Gen. Laws §39-3-11, as amended, the Public Utilities Commission (PUC) is conducting a hearing on **March 7 2024 at 9:30 A.M.** in Hearing Room A at the PUC's office located at 89 Jefferson Boulevard, Warwick, Rhode Island. The hearing will continue thereafter on **March 11, 2024 at 9:30 A.M.** as required. The hearing will be streamed live at <https://video.ibm.com/channel/WqQyXw296dg>

At this hearing, PUC will examine the propriety of a filing by The Narragansett Electric d/b/a Rhode Island Energy (Company) for approval of proposed Gas Infrastructure, Safety and Reliability Plan for fiscal year 2025 (ISR Plan). The ISR Plan is submitted pursuant to R.I. Gen. Laws § 39-1-27.7.1 which provides for an annual gas infrastructure, safety and reliability spending plan for each fiscal year and an annual rate reconciliation mechanism that includes a reconcilable allowance for the anticipated capital investments and other spending pursuant to an annual pre-approved budget. The ISR Plan sets forth proposals the Company has identified as necessary to sustain and enhance the safety and reliability of its gas distribution system. The Company's Gas ISR Plan for FY 2025 proposes capital spending that reflects an incremental revenue requirement of \$15,472,475 over the amount in FY 2024 ISR Plan to be collected through the Distribution Adjustment Charge (DAC) effective April 1, 2024. The impact on an average residential heating customer using 845 therms per year is an annual bill increase of \$48.28, from \$1,692.31 to \$1,740.59 or 2.9%.

The Commission may consider a change in the manner the Company expenses paving costs incurred from municipal requirements that mandate the Company to repave streets and highways (curb-to-curb) after completion of work. Presently, the Company recovers paving costs as part of the capital cost of each project, depreciates the cost over long periods, and earns a return on equity on the undepreciated portion in rates each year. Given the Act on Climate and the potential for gas system to be abandoned in the future, among other policy considerations, the Commission is considering a change which would require the repaving costs to be expensed annual as incurred. While capitalizing the annual costs results in a lower rate impact in the initial years, it results in ratepayers funding the repaving over a long period of time. Ratepayers will pay more over the long term under the current accounting while the Company earns a profit margin on the investment in the paved road. If the Company is required to expense the costs annually, it would result in a higher rate increase than proposed by the Company for FY 2025. Once the expense is in rates, any future rate impacts may level off, depending upon the year-to-year repaving costs. All of these factors will be evaluated by the Commission in considering the potential ratemaking/accounting change.

The proposal is available for examination at the PUC's office. The filing can also be accessed under the PUC's website at <https://ripuc.ri.gov/Docket-23-49-NG>. Reference is made to Chapters 39-1, 39-3 and 42-35 of the Rhode Island General Laws.

The PUC is accessible to the handicapped. Individuals requesting interpreter services for the hearing impaired must notify the Commission Clerk's office at 401-780-2107, seventy-two hours in advance of hearing date.

Luly E. Massaro, Commission Clerk
February 26, 2024