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January 31, 2024

VIA ELECTRONIC MAIL

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

**RE: Docket No. 24-05-GE - Rhode Island Energy Petition For Approval
To Create Regulatory Assets For Waived Electronic Transaction Fees**

Dear Ms. Massaro:

On behalf of Rhode Island Energy,¹ enclosed is an original and nine (9) copies of the Company's Petition requesting the Public Utilities Commission's ("PUC") authorization to create regulatory assets for the future consideration and recovery of credit card, debit card, and related fees (collectively, "Electronic Transaction Fees") that Rhode Island Energy has paid and will continue to pay on behalf of its electric and gas customers pursuant to the PUC's Orders issued in Docket No. 5022.

Specifically, and as further described in the Petition, the Company seeks the PUC's authorization to (i) record \$4,739,294 for Electronic Transaction Fees, including \$151,416 of interest, incurred on behalf of its electric and gas customers from July 1, 2020 through January 31, 2024, plus any Electronic Transaction Fees (plus interest) incurred thereafter until the date of the PUC's decision in this docket as regulatory assets; and (ii) to record the amount of the Electronic Transaction Fees assessed on a going forward basis (plus interest) as a regulatory asset until these fees are included in base distribution rates or another approved recovery mechanism. The \$4,739,294 includes \$3,208,384 that is associated with electric customers and \$1,530,910 for gas customers.

In support of its Petition, this filing includes the joint pre-filed direct testimony of Stephanie A. Briggs and John B. Currie, together with their supporting Schedule A, which includes a monthly breakdown of the Electronic Transaction Fees that have been billed to the Company by its vendor for electric and gas customers through January 31, 2024, together with the interest calculation.

¹ The Narragansett Electric Company d/b/a Rhode Island Energy ("Rhode Island Energy" or the "Company").

Luly E. Massaro, Commission Clerk
Docket No. 24-05-GE – Rhode Island Energy Petition
January 31, 2024
Page 2 of 2

The Company has notified the Rhode Island Division of Public Utilities and Carriers and the Rhode Island Attorney General's Office of this filing.

Thank you for your attention to this matter. If you have any questions, please contact me at 401-316-7429.

Very truly yours,



Jennifer Brooks Hutchinson

Enclosures

cc: Docket No. 5154 Service List
John Bell, Division
Nick Vaz, Special Assistant Attorney General

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

The Narragansett Electric Company)	
d/b/a Rhode Island Energy)	
Petition for Approval)	Docket No. 24-05-GE
to Create Regulatory Assets For Waived)	
Electronic Transaction Fees Related to)	
COVID 19 Impacts)	

**PETITION FOR APPROVAL TO CREATE REGULATORY ASSETS FOR
WAIVED ELECTRONIC TRANSACTION FEES RELATED TO COVID-19 IMPACTS**

Rhode Island Energy¹ hereby respectfully submits this general petition (this “Petition”) in accordance with the Public Utilities Commission’s (“PUC”) Rules of Practice and Procedure 810-RICR00-00-1.11(A). The Company requests that the PUC grant relief allowing Rhode Island Energy to recover credit card, debit card, and related fees (collectively, “Electronic Transaction Fees”) that Rhode Island Energy has paid and will continue to pay on behalf of its electric and gas customers pursuant to the PUC’s Orders issued in Docket No. 5022 through the creation of regulatory assets as further described in this Petition and supporting joint pre-filed direct testimony of Company witnesses Stephanie A. Briggs and John B. Currie.²

¹ The Narragansett Electric Company d/b/a Rhode Island Energy (“Rhode Island Energy” or the “Company”).

² In Docket No. 5022, the PUC directed all regulated utilities to “temporarily suspend late fees, interest charges, credit card fees, debit card fees, and ACH fees.” Order No. 23836 at 5, *In Re: Suspension Of Service Terminations And Certain Collections Activities During The Covid-19 Emergency*, Docket No. 5022 (June 2, 2020); *See also* Order No. 23866 at 7-8, Docket No. 5022 (July 13, 2020) (extending the requirement to continue to suspend late fees, interest charges, credit card fees, debit card fees, and ACH fees). Subsequently, the PUC allowed reinstatement of late fees/interest charges, but directed utilities “to continue to absorb any online payment transaction fees and [allowed] the utilities who do not have those costs included in their cost of service the opportunity to file for rate recovery on a going forward basis through a specific ratemaking mechanism that would be in effect through the utility’s next rate case.” Order No. 24424 at 7, Docket No. 2022 (June 6, 2022).

The Company has provided the following pre-filed direct testimony and schedule to support its request for creation of regulatory assets for the waived Electronic Transaction Fees:

- Joint Pre-filed Direct Testimony of Stephanie A. Briggs and John B. Currie.
- Schedule A - The amount of waived Electronic Transaction Fees for electric and gas customers through January 31, 2024 as a result of the COVID-19 related orders, which include, specifically, fees billed to the Company by its third-party credit/debit card processing vendor, plus interest.

In support of this Petition, Rhode Island Energy states the following:

I. COVID-19 Emergency Orders

1. Former Rhode Island Governor Gina Raimondo declared a state of emergency for the State of Rhode Island “due to the dangers to health and life posed by COVID-19” on March 9, 2020, which was extended through subsequent Executive Orders.³ Most recently, on May 5, 2023, Governor Daniel McKee issued Executive Order 23-05, extending the declaration of a state of emergency through May 11, 2023. Since then, no further extensions have been made and the state of emergency has now ceased.
2. In response to the former Governor’s Executive Orders, the PUC issued its own order declaring that “all electric, natural gas, water, and sewer utilities shall immediately cease certain collections activities” as of March 16, 2020.⁴ Suspended collections activities included “termination of service, sending past due accounts to collections

³ See Executive Order 20-02.

⁴ See Order on Commission’s Own Motion, Order No. 23786 at 1-2, Docket. No. 5022 (Mar. 17, 2020).

- agencies, and sending termination notices with disconnection dates prior to”
expiration of the Order.⁵
3. The PUC extended the emergency order multiple times with the final extension being through July 13, 2020 for nonresidential customers, November 1, 2020 for customers eligible for the Company’s low-income rates and through September 30, 2020 for all other residential customers.⁶ At an Open Meeting on June 24, 2021, the PUC extended the winter moratorium through July 25, 2021 with no further extensions absent substantial evidence of a major resurgence of the COVID-19 pandemic.
 4. Also, as part of its May 28, 2020 decision, the PUC required the regulated utilities to suspend late payment charges and other fees.⁷ That order was subsequently extended on July 13, 2021.⁸
 5. At an Open Meeting on November 5, 2021, the PUC voted unanimously to reinstate late fees or interest fees upon 30 days’ notice but directed the utilities to continue to suspend credit card fees, debit card fees, and ACH fees indefinitely.⁹ The PUC’s Order regarding the waiver credit card fees, debit card fees, and ACH fees remains in effect today.

⁵ *Id.* at 2.

⁶ *See* Order No. 23807, Docket No. 5022 (March 30, 2020); Order No. 23809, Docket No. 5022 (April 14, 2020); Order No. 23826, Docket No. 5022 (May 8, 2020); Order No. 23836, Docket No. 5022 (June 2, 2020), & Order No. 23866, Docket No. 5022 (July 15, 2020).

⁷ *See* Order No. 23836 at 5

⁸ *See* Order No. 23866 at 7.

⁹ *See* Order No. 24424 at 7, Docket No. 5022 (June 6, 2022).

6. The PUC closed Docket No. 5022 as part of its November 5, 2021 decision.

Accordingly, the waiver of fees is a permanent waiver for which the Company now seeks authorization to record as regulatory assets to be deferred for future recovery.

II. Legal Standard

7. Rhode Island and other jurisdictions have recognized the creation of a regulatory asset as an appropriate mechanism to defer the recovery of unexpected incremental expenses. The PUC has acknowledged the usefulness of regulatory assets in the context of certain incremental expenses.¹⁰
8. The PUC previously has stated that, “[t]he term regulatory asset refers to expenditures that are deemed reasonable and allowable for current and future recovery in rates.”¹¹ In *In re Island Hi-Speed Ferry*, the PUC approved the creation of a regulatory asset for costs incurred prior to the utility’s commencement of business operations.¹² When approving the regulatory asset, the PUC considered both the allowable amount for the regulatory asset and the amortization period.¹³
9. Historically, other states also have approved the creation of regulatory assets for utilities.

¹⁰ See Order No. 14088, *In re Financial Accounting Standards Board Statement No. 106*, Docket. No. 2045 (R.I.P.U.C. Dec. 11, 1992) (recognizing that a regulatory asset could bridge the gap to account for an increase in on-the-books liabilities resulting from a change by the Financial Accounting Standards Boards for the practice of accounting for post-retirement benefits other than pensions) (“We see no reason why a regulatory asset could not be recorded in light of our clear historic practice of providing reasonable funding for such expenses.”).

¹¹ Order No. 15816, *In re Island Hi-Speed Ferry, LLC, Proposed Passenger Rates & Ferry Schedule*, Docket. No. 2802, 1999 WL 35645630 (R.I.P.U.C. Mar. 31, 1999).

¹² Order No. 15816, *In re Island Hi-Speed Ferry*, 1999 WL 35645630.

¹³ *Id.*

10. For example, the Nevada Public Utilities Commission allowed the Sierra Pacific Power Company to create regulatory assets for certain “significant and non-recurring event[s].”¹⁴ In reaching its decision, the Nevada Commission stated that “[r]egulatory asset treatment should be limited to significant unusual costs not considered in setting rates upon normal operations.”¹⁵
11. In addition, the Massachusetts Department of Public Utilities (Department) has authorized the creation of a regulatory asset for utilities where there would have been “an adverse financial effect.”¹⁶ In that case, the Department concluded that “the \$27,123,048 write off” of certain pension and post-retirement benefit costs following a merger “would have an adverse financial effect on NEGC” and, therefore, allowed New England Gas Company to establish the regulatory asset and amortize the expenses for recovery through the preexisting pension adjustment mechanism.¹⁷
12. Many states have adopted this approach for incremental expenses arising from the COVID-19 pandemic. According to the State Response Tracker maintained by the National Association of Regulatory Utility Commissioners,¹⁸ twenty-two states (as

¹⁴ See Modified Final Order, *Application of Sierra Pacific Power Co. d/b/a NV Energy for Auth. To Adjust its Annual Revenue Requirement for Gen. Rates*, Docket. No. 13-06002, 2014 WL 576310 (Nev. P.U.C. Feb. 3, 2014).

¹⁵ *Id.* (approving regulatory asset “for the purpose of deferring future costs resulting from the decommissioning” of certain facilities, which in the Nevada Commission’s opinion constituted “a significant and non-recurring event”).

¹⁶ *Pet. of New Eng. Gas Co. for Auth. to Create A Regulatory Asset Related to Pension & Post-Ret. Benefits Other Than Pensions.*, No. 12-68, 2013 WL 866201 (Mar. 1, 2013) (allowing New England Gas Company (NEGC) to establish a regulatory asset in connection with certain pension and post-retirement benefit costs following a merger).

¹⁷ *Id.*

¹⁸ The State Response Tracker was last updated on March 23, 2021. See State Response Tracker, Nat’l Ass’n of Reg. Util. Comm’rs, <https://www.naruc.org/compilation-of-covid-19-news-resources/state-response-tracker/> (last visited Jan. 16, 2024).

- well as the District of Columbia) currently have authorized the tracking of COVID-19-related costs through the creation of a regulatory asset,¹⁹ and several additional states are deferring recovery of these costs through other mechanisms.²⁰
13. In Massachusetts, the Department issued an interim order allowing utilities to “record, defer, and track the incremental cost[s]” related to the exigent circumstances created by the pandemic “subject to the Department’s final determination of ratemaking treatment[.]”²¹ In reaching this conclusion, the Department recognized that “[t]he COVID-19 pandemic . . . has affected the financial position of jurisdictional electric, gas, and water distribution companies, and utilities throughout the country” and that “the financial positions of the utilities would not be representative of a normal test year[.]”²² The Department further recognized the need “to address both the fact that the crisis has challenged many customers to sustain the means to pay recurring bills and the Distribution Companies’ need to maintain critical cash flow to provide necessary utility service.”²³

¹⁹ These states are Alaska, Colorado, Connecticut, Delaware, Florida, Georgia, Idaho, Indiana, Iowa, Kansas, Louisiana, Maryland, Mississippi, Nevada, New Jersey, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Utah, and Virginia.

²⁰ These states include California (memorandum accounts), Kentucky (deferral of arrearages carrying charges), West Virginia (reserve fund), and Wisconsin (offset of qualifying bad debt).

²¹ Interim Order on Ratemaking Proposal and Vote and Order on Opening Investigation at 3, D.P.U. 20-58-D, D.P.U. 20-91, 2020 WL 7977060 (Dec. 31, 2020).

²² *See id.* at 5

²³ *Id.* at 5-6.

The Department authorized the utilities' cost recovery proposals related to COVID-19-created bad debt expense and waived fees expense.²⁴

14. The Department's reasoning is consistent with the reasoning of other utility regulators who have authorized the creation of regulatory assets for deferral and tracking of incremental COVID-19-related costs.²⁵
15. Applying the precedent for the creation of regulatory assets in Rhode Island and the reasoning of other public utility regulators around the country regarding the consideration of treatment of COVID-19-related expenses, the Company's proposal for the creation of regulatory assets to track its waived Electronic Transaction Fees for future cost recovery is appropriate. These expenses represent "significant unusual costs,"²⁶ which the Company has incurred as a direct result of State and PUC orders.

²⁴ *Id.* at 21.

²⁵ *See, e.g.*, Order No. PSC-2020-0404-PAA-PU, *In re: Petition for approval of regulatory assets to record costs incurred due to COVID-19, by Florida Public Utilities Company, Florida Public Utilities Company – Indiantown Division, Florida Public Utilities Company – Fort Meade, Florida Division of Chesapeake Utilities Corporation*, 2020 WL 6292843, *2 (Fla. P.S.C. Oct. 26, 2020) ("The concept of deferral accounting allows companies to defer costs due to events beyond their control and seek recovery through rates at a later time. If the subject costs are significant, the alternative would be for a company to seek a rate proceeding each time it experiences an exogenous event. The costs in the instant docket are attributed to the COVID-19 pandemic. Due to the uncertainty of this situation, it is not possible to fully anticipate the scope or timeframe of the financial impact on FPUC and CFG and their customers related to COVID-19. Because of the unique circumstances resulting from the global pandemic, we approve the Companies' request to establish regulatory assets for each entity included in the joint petition for recording costs incurred due to COVID-19 and defer consideration of the potential recovery of the amounts recorded in the regulatory assets to a future proceeding."); Order No. 89542, *State of Emergency & Pub. Health Emergency in the State of Maryland Due to Covid-19*, 2020 WL 2100879, at *1 (Apr. 9, 2020) ("The Commission finds that the creation of the regulatory asset for COVID-19-related expenses will facilitate the recovery of those costs prudently incurred by the Utilities in their efforts to serve customers during this period, and the Commission finds that deferral of such costs is appropriate because the current catastrophic health emergency is outside the control of the Utility and a non-recurring event.").

²⁶ *See* Modified Final Order, *Application of Sierra Pacific Power Co. d/b/a NV Energy*, 2014 WL 576310.

- These costs were “not considered in setting rates upon normal operations”²⁷ as part of the Company’s last general rate case in Docket No. 4770, and therefore, are not included in the Company’s cost of service.
16. The PUC recognized the unusual nature of these costs as part of its orders in Docket No. 5022 by allowing utilities who do not have those costs included in their cost of service the opportunity to file for rate recovery on a going forward basis through a specific ratemaking mechanism that would be in effect through the utility’s next rate case.²⁸ The PUC also noted that this “appears to qualify for a time limited exception to the restrictions on single-issue ratemaking.”²⁹
17. The PUC declined to design a cost recovery mechanism explicitly, noting that “each utility may have different needs or timing of their respective request.”³⁰ Thus, the use

²⁷ *Id.*

²⁸ *See* Order No. 24424 at 7, Docket No. 5022. Although the PUC did not address previously accrued costs associated with the waived fees, the PUC noted that this was only because some utilities had indicated they may not seek back cost recovery. The PUC also noted that the Division of Public Utilities and Carriers had indicated their support for recovery in a future ratemaking proceeding on the basis that such extraordinary costs would qualify for an exception to retroactive ratemaking prohibitions.

²⁹ *Id.*

³⁰ *Id.* The Company’s proposal to record the waived Electronic Transaction Fees as a regulatory asset is analogous to the ratemaking mechanism that the water utilities proposed for recovery of their historic electronic payment fees. For example, Providence Water Supply Board (“Providence Water”) proposed to use the revenue reserves in its restricted Revenue Reserve Account to offset the historic fees incurred. *See* Providence Water Supply Board Petition and Prefiled Testimony of Harold J. Smith, Docket No. 22-09-WW. Other water utilities similarly proposed the use of their reserve funds to offset electronic payment fees, which the PUC approved. *See e.g.*, City of Newport Water Division, Docket No. 5254, Order No. 24788 (authorizing the City of Newport Water Division to withdraw from their restricted Revenue Reserve Account, the amount of the actual historic accrued amount of the waived electronic payment processing fees). Unlike the water utilities, the Company does not utilize a Revenue Reserve Account; however, the booking of regulatory assets (together with regulatory liabilities) achieves a similar accounting objective by allowing the Company to match its expenses to revenues and smooth out rate recovery through use of a deferral for specific costs that will be recovered in future rates.

of a regulatory asset as a recovery mechanism falls squarely within the scope of the PUC's order.

III. Waived Electronic Transaction Fees

18. Pursuant to the PUC's Order No. 23866, dated July 13, 2020, the Company is waiving Electronic Transaction Fees. The Company began waiving the Electronic Transaction Fees on July 1, 2020.
19. The PUC further directed the Company to track the waived Electronic Transaction Fees for later review by the PUC and noted that the utilities' revenue requirements excluded the cost of credit card (including debit card) fees, and that it would be unfair to simply disallow recovery of these costs (i.e., assessed credit/debit card charges).³¹
20. The Company has been tracking the actual Electronic Transaction Fees billed to the Company in lieu of customers by its third-party credit/debit card processing vendor since July 2020, as shown in Schedule A attached to the joint pre-filed direct testimony of Stephanie A. Briggs and John B. Currie. The Company will continue tracking these fees.
21. The PUC also directed that in the utility's next base rate case, "the costs should be included in their cost of service in the same manner as all other billing costs. . . ."³²
22. At present, the waived Electronic Transaction Fees are being booked as an expense

³¹ See Order No. 23836 at 5, Docket No. 5022.

³² Order No. 24424 at 7, Docket No. 5022.

on the Company's financial statements. PUC authorization to record the waived Electronic Transaction Fees to regulatory assets will allow the Company to defer these costs to its balance sheet instead of recording them as period expenses on its income statement until such a time that the Company can reflect these Electronic Transaction Fees in its cost of service, i.e., at the time of its next general rate case. Such treatment is consistent with the PUC's order to allow rate recovery "through a specific ratemaking mechanism that would be in effect through the utility's next rate case."³³

23. The PUC's permanent waiver of the Electronic Transaction Fees means that these fees are outside of the Company's normal course of business today and are eligible for recovery. The Company will continue to incur Electronic Transaction Fees on behalf of customers on a going forward basis, which are likely to increase over time. The Company does not have an existing mechanism by which to recover the waived Electronic Transaction Fees.³⁴ Accordingly, these incremental costs are appropriate for future recovery in rates through the creation of a regulatory asset through the date

³³ Order No. 24424 at 7, Docket No. 5022.

³⁴ As explained in the prefiled direct testimony of Stephanie A. Briggs and John B. Currie, the Company analyzed alternative options for recovery of the waived Electronic Transaction Fees, including through an existing recovery mechanism, as well as a hybrid approach using both a regulatory asset for historic Electronic Transaction Fees and creation of a new monthly surcharge for future Electronic Transaction Fees until new base rates are established. In addition to timing differences between existing electric and gas mechanisms, the Company does not have many fixed charges that align with recovery of these Electronic Transaction Fees. In addition, creating a new monthly surcharge would require changes to the Company's billing system to create or modify a "Cons" type for a new customer charge. It would be impractical for the Company to expend its resources to create a new recovery mechanism that would be in place for a relatively short period of time until the next rate case, at which time the Company would propose to include future amounts in base rates.

of the Company's next general rate case, at which time the Company would propose to include such Electronic Transaction Fees in its cost of service, and will also include a proposal for recovery of the accumulated regulatory asset balance at the time of the next general rate case.

IV. Relief Requested

24. The Company requests authorization from the PUC to create regulatory assets for the waived Electronic Transaction Fees for electric and gas customers to be deferred for future recovery as determined by the PUC.
25. The Company proposes that the regulatory assets accrue a carrying charge (i.e., interest) at the customer deposit rate.
26. Specifically, the Company requests authorization from the PUC to (i) record \$4,739,294 for Electronic Transaction Fees, including \$151,416 of interest, incurred on behalf of its electric and gas customers from July 1, 2020 through January 31, 2024, plus any Electronic Transaction Fees (plus interest) incurred thereafter until the date of the PUC's decision in this docket as regulatory assets; and (ii) to record the amount of the Electronic Transaction Fees assessed on a going forward basis (plus interest) as a regulatory asset until these fees are included in base distribution rates or another approved recovery mechanism. The \$4,739,294 includes \$3,208,384 that is associated with electric customers and \$1,530,910 for gas customers.

V. Conclusion

For the reasons set forth herein, the Company respectfully requests that the PUC grant the requested relief pursuant to its authority under Rhode Island General Laws Chapter 39-1 because it serves the best interests of customers, and any such other and further relief as may be just and proper under the circumstances.

Respectfully submitted by,

**The Narragansett Electric Company
d/b/a Rhode Island Energy**

By its attorney,



Jennifer Brooks Hutchinson (RI #6176)
280 Melrose Street
Providence, RI 02907
Telephone: (401) 480-1425
jhutchinson@pplweb.com

Dated: January 31, 2024

**THE NARRAGANSETT ELECTRIC COMPANY
d/b/a RHODE ISLAND ENERGY
RIPUC DOCKET NO. 24-05-GE
PETITION TO CREATE REGULATORY ASSETS
RE: WAIVED ELECTRONIC TRANSACTION FEES
WITNESSES: STEPHANIE A. BRIGGS AND JOHN B. CURRIE**

JOINT PRE-FILED DIRECT TESTIMONY

OF

STEPHANIE A. BRIGGS

AND

JOHN B. CURRIE

**THE NARRAGANSETT ELECTRIC COMPANY
d/b/a RHODE ISLAND ENERGY
RIPUC DOCKET NO. 24-05-GE
PETITION TO CREATE REGULATORY ASSETS
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WITNESSES: STEPHANIE A. BRIGGS AND JOHN B. CURRIE**

Table of Contents

I.	Introduction	1
II.	Recovery of Waived Electronic Transaction Fees.....	7
III.	Conclusion.....	12

1 **I. Introduction**

2 **Stephanie A. Briggs**

3 **Q. Please state your full name and business address.**

4 A. My name is Stephanie A. Briggs, and my business address is 280 Melrose Street,
5 Providence, Rhode Island 02907.

6
7 **Q. Please state your position.**

8 A. I am employed by PPL Services Corporation (“Services Corporation”) as a Senior
9 Manager Revenue. The Services Corporation provides administrative, management and
10 support services to PPL Corporation (“PPL”) and its subsidiary companies, including The
11 Narragansett Electric Company d/b/a Rhode Island Energy (“Rhode Island Energy” or
12 the “Company”). My current duties include responsibility for revenue requirement and
13 rate calculations for the Company.

14
15 **Q. Please describe your educational and professional experience.**

16 A. In 2000, I received a Bachelor of Arts degree in Accounting from Bryant College. In
17 2004, I was hired by National Grid USA Service Company, Inc. (“National Grid Service
18 Company”) as a Senior Analyst in the Accounting Department. In this position, I was
19 responsible for supporting the books and records of National Grid USA’s (“National
20 Grid”) New York affiliate. In 2009, I joined National Grid’s Regulatory Accounting

1 Group. In 2011, I was promoted to Lead Specialist for Revenue Requirements
2 responsible for supporting New York revenue requirements. In 2017, I was promoted to
3 Director of Revenue Requirements for New York. In July 2020, I became Director of
4 Revenue Requirements for New England. On May 25, 2022, PPL Rhode Island
5 Holdings, LLC, a wholly owned indirect subsidiary of PPL, acquired 100% of the
6 outstanding shares of common stock of the Company from National Grid (the
7 “Acquisition”), at which time I began working in my current position.
8

9 **Q. Have you previously testified before the Rhode Island Public Utilities Commission**
10 **(“PUC”) or other regulatory bodies?**

11 A. Yes. I provided pre-filed direct testimony in numerous dockets including the Company’s
12 2022 Annual Retail Rate Filing, Docket No. 5234, the Company’s 2021 Performance
13 Incentive Mechanism Factor Filing, as part of Docket No. 4770, the Fiscal Year 2022
14 Electric Infrastructure, Safety and Reliability Plan Annual Reconciliation Filing,
15 Docket No. 5098, the Company’s 2022 Distribution Adjustment Charge Filing,
16 Docket No. 22-13-NG, the Company’s Advanced Metering Functionality Business Case,
17 Docket No. 22-49-EL, the Company’s Fiscal Year 2024 Electric Infrastructure, Safety,
18 and Reliability Plan, Docket No. 22-53-EL, Fiscal Year 2024 Gas Infrastructure, Safety,
19 and Reliability Plan, Docket No. 22-54-NG, the Company’s 2023 Electric Revenue
20 Decoupling Mechanism Reconciliation Filing, Docket No. 23-16-EL, the Company’s

THE NARRAGANSETT ELECTRIC COMPANY
d/b/a RHODE ISLAND ENERGY
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WITNESSES: STEPHANIE A. BRIGGS AND JOHN B. CURRIE
PAGE 3 OF 13

1 2023 Residential Assistance Recovery filing, Docket No. 23-17-EL, the Company’s 2023
2 Distribution Adjustment Charge Filing, Docket No. 23-23-NG, the Company’s Petition
3 for Acceleration Due to Distribution Generation Project in Docket Nos. 23-37-EL and
4 23-38-EL and most recently in the Company’s Electric and Gas FY 2025 ISR Plans
5 (Docket Nos. 23-48-EL and 23-49-NG, respectively) . I also have testified before the
6 PUC on behalf of Rhode Island Energy, as well as the Massachusetts Department of
7 Public Utilities (“MA DPU”) and New York Public Service Commission on behalf of the
8 Company’s former affiliates as a revenue requirement witness in various proceedings.

9
10 **John B. Currie**

11 **Q. Please state your full name and business address.**

12 A. My name is John B. Currie, and my business address is 280 Melrose Street, Providence,
13 Rhode Island 02907.

14
15 **Q. Please state your position.**

16 A. I am employed by Rhode Island Energy as the Senior Manager – Finance. In this role, I
17 am responsible for providing finance business partnering support for various business
18 functions.

19

1 **Q. Please describe your educational and professional experience.**

2 A. I graduated from Saint Michael's College in 1987 with a Bachelor of Science degree in
3 Accounting. In 2000, I graduated from Bentley University with a Master of Science
4 degree in Taxation. From 1987 to 1989, I worked as a staff accountant at Price
5 Waterhouse (now PricewaterhouseCoopers). In 1989, I was employed by New England
6 Electric System, a predecessor company to National Grid, in internal audit. From 1998 to
7 2016, I held roles of increasing responsibility related to Plant Accounting, Finance and
8 Regulation. In October 2016, I became the Director of New England Gas Network
9 Strategy for National Grid and served as the Rhode Island jurisdictional lead for all gas
10 issues for the gas division of the Company, including the Company's capital investment
11 strategy at that time. From January 2019 to March of 2021, I worked as the Director of
12 Gas Planning and Performance for the US gas business for National Grid. In March of
13 2021, I became the Director of New England Gas Investment Planning. Following the
14 Acquisition, I began working in my current position for Rhode Island Energy.

15

16 **Q. Have you previously testified before the PUC or other regulatory bodies?**

17 A. Yes. I testified before the PUC in support of the Company's fiscal year ("FY") 2018,
18 FY 2019, and FY 2020 Gas Infrastructure, Safety, and Reliability ("ISR") Plans in
19 Docket Nos. 4678, 4781, and 4916, respectively. In addition, I have testified before the
20 MA DPU in support of capital projects, including the gas system enhancement plan

1 focused on the replacement of leak-prone pipe, and various other proceedings on behalf
2 of the Company's former affiliates.

3
4 **Q. What is the purpose of your testimony?**

5 A. The purpose of our testimony is to support Rhode Island Energy's Petition to create
6 regulatory assets for the future recovery of the waived credit card, debit card and other
7 transaction fees ("Electronic Transaction Fees") that Rhode Island Energy has paid and
8 will continue to pay on behalf of its customers pursuant to the PUC's Orders issued in
9 Docket No. 5022 - Suspension of Service Terminations and Certain Collections
10 Activities During the COVID-19 Emergency. The Company seeks PUC authorization
11 to create regulatory assets for the waived Electronic Transaction Fees to be deferred for
12 future recovery until the Company's next general rate case or as otherwise determined
13 by the PUC. Specifically, the Company requests PUC authorization to (i) record
14 \$4,739,294 (inclusive of interest) for Electronic Transaction Fees incurred on behalf of
15 its electric and gas customers from July 1, 2020 through January 31, 2024, plus any
16 Electronic Transaction Fees incurred thereafter until the date of the PUC's decision in
17 this docket as regulatory assets; and (ii) to record the amount of the Electronic
18

1 Transaction Fees assessed on a going forward basis as a regulatory asset until the
2 Company's next general rate case or as otherwise determined by the PUC.

3
4 **Q. What is the basis for the Company's request?**

5 A. As explained in greater detail in the accompanying Petition, on March 9, 2020, former
6 Rhode Island Governor Gina Raimondo declared a state of emergency for the State of
7 Rhode Island due to the COVID-19 pandemic, which was extended through subsequent
8 Executive Orders. In response to the former Governor's Executive Orders, the PUC
9 issued its own order prohibiting utilities from engaging in certain collections activities,
10 which included "termination of service, sending past due accounts to collections
11 agencies, and sending termination notices with disconnection dates prior to" expiration of
12 the Order.¹ The PUC also required the regulated utilities to suspend late payment charges
13 and other fees.² These emergency orders were extended multiple times through July
14 2021. At an Open Meeting on November 5, 2021, the PUC voted unanimously to
15 reinstate late fees or interest fees upon 30 days' notice but directed the utilities to
16 continue to suspend credit card fees, debit card fees, and ACH fees indefinitely.³ The
17 PUC allowed the utilities who do not have those costs included in their cost of service the
18 opportunity to file for rate recovery on a going forward basis through a specific

¹ See Order on Commission's Own Motion, Order No. 23786, Docket. No. 5022 at 2 (Mar. 17, 2020).

² See Order No. 23836 at 5 (May 8, 2020).

³ See Order No. 24424 at 7 (June 6, 2022).

1 ratemaking mechanism that would be in effect through the utility’s next rate case. The
2 Company is now filing this Petition to establish a regulatory asset as the ratemaking
3 mechanism for the future recovery of the waived Electronic Transaction Fees until the
4 Company’s next general rate case or as otherwise determined by the PUC.

5
6 **Q. Are there any schedules attached to your testimony?**

7 A. Yes, we are sponsoring the following schedule:

- 8 • Schedule A: The amount of waived Electronic Transaction Fees for electric and
9 gas customers through January 31, 2024 as a result of the COVID-19 related
10 orders, which include, specifically, Electronic Transaction Fees billed to the
11 Company by its third-party credit/debit card processing vendor, plus interest.

12
13 **II. Recovery of Waived Electronic Transaction Fees**

14 **Q. When did the Company begin waiving the Electronic Transaction Fees?**

15 A. As set forth in the Petition, the Company began waiving the Electronic Transaction Fees
16 on July 1, 2020 and has been since tracking those fees for later review by the PUC in
17 accordance with PUC orders.

18
19 **Q. How does the Company incur the Electronic Transaction Fees?**

20 A. Presently, the Company’s vendor bills the Company on a monthly basis for the customers
21 who are electing to pay by credit card.

22

1 **Q. How is the Company treating these waived Electronic Transaction Fees on its books**
2 **today?**

3 A. These waived Electronic Transaction Fees are being recorded as an operating expense
4 on the Company's financial statements.

5

6 **Q. How much has Rhode Island Energy paid its vendor to date to cover the Electronic**
7 **Transaction Fees for its customers?**

8 A. Schedule A to our testimony shows that Rhode Island Energy has incurred \$3,105,822
9 for electric and \$1,482,056 for gas for Electronic Transaction Fees through January 31,
10 2024.

11

12 **Q. How is the Company proposing to recover these Electronic Transaction Fees?**

13 A. The Company seeks PUC authorization to create regulatory assets for the amount of the
14 waived Electronic Transaction Fees that have been already incurred on behalf of electric
15 and gas customers, and for the Electronic Transaction Fees to be incurred on a going
16 forward basis, plus interest. As part of the Rhode Island Energy's next general rate
17 case, the Company will include a proposal for amortization/recovery of the regulatory
18 assets, as well as a proposal to include future Electronic Transaction Fees in base rates.

19

1 **Q. How does the Company propose it will record the regulatory assets on its books?**

2 A. As shown on Schedule A, the Company requests authorization from the PUC to (i)
3 record \$4,587,878 for Electronic Transaction Fees incurred on behalf of its electric and
4 gas customers from July 1, 2020 through January 31, 2024, plus any fees incurred
5 thereafter until the date of the PUC’s decision in this docket as regulatory assets; and (ii)
6 to record the amount of the assessed Electronic Transaction Fees annually, on a going
7 forward basis. The Company proposes that the regulatory assets accrue a carrying
8 charge at the customer deposit rate. As shown on Schedule A, through January 31, 2024
9 the accrued carrying costs would be \$151,416, for a total amount to be booked as a
10 regulatory asset through January 31, 2024 of \$4,739,294. This would include
11 \$3,208,384 for electric and \$1,530,910 for gas.

12
13 **Q. Did the Company analyze any alternative options for the recovery of the waived
14 Electronic Transaction Fees?**

15 A. Yes. The Company considered two alternative options for recovery of the waived
16 Electronic Transaction Fees. The first alternative would be to recover the historic and
17 future waived Electronic Transaction Fees through an existing mechanism, such as the
18 electric and gas revenue decoupling mechanism (“RDM”) until the next general rate
19 case, which would be subject to an annual reconciliation/true-up. This alternative is not
20 ideal for a couple of reasons. First, electric and gas would be on separate recovery

1 timelines, in that the gas RDM recovery is through the gas Distribution Adjustment
2 Clause (“DAC”) factor which is effective from November to October of each year,
3 while the electric RDM factor is recovered from July to June of each year. Second, the
4 RDM is a volumetric charge, which does not align with recovery of Electronic
5 Transaction Fees because volume does not drive which customers use a credit card to
6 pay their bill. To address this misalignment, the Company would propose to use a fixed
7 customer charge that would require a new or modified “Cons” type in the customer
8 billing system and be added as a separate line item on customer bills. The Company
9 determined that the amount of time and resources that would be required to effectuate
10 these administrative changes did not make sense for a rate mechanism that would be in
11 place for a relatively short period of time (i.e. approximately three years or less) and
12 solely to bridge the gap until the next general rate case.

13
14 The second alternative considered was a hybrid option, in which the Company would
15 propose to create regulatory assets (for future recovery) for Electronic Transaction Fees
16 that have already been incurred (i.e., historic fees) and to create a new monthly
17 surcharge via a fixed charge for Electronic Transaction Fees incurred on a going
18 forward basis until new base rates are established. Creating a new monthly surcharge
19 presents the same challenges as the first alternative. Accordingly, creation of
20 regulatory assets for both historic and future Electronic Transaction Fees is the simplest

1 and most efficient mechanism in that it will allow the Company to defer these costs to
2 its balance sheet instead of recording them as period expenses on its income statement
3 until such a time that the Company can reflect these fees in its cost of service, i.e., at the
4 time of its next general rate case and also include a proposal for recovery of the
5 accumulated regulatory asset balance for electric and gas customers at the time of the
6 next general rate case. Such treatment is consistent with the PUC's order to allow rate
7 recovery "through a specific ratemaking mechanism that would be in effect through the
8 utility's next rate case."

9
10 **Q. Did the Company review other utilities' proposals for recovery of credit card/debit**
11 **card fees as a result of the PUC Orders in Docket No. 5022?**

12 A. Yes, the Company reviewed Providence Water Supply Board's ("Providence Water")
13 proposal to recover their Electronic Transaction Fees in Docket No. 22-09-WW, which
14 consisted of two requests; the first request was to use their restricted Revenue Reserve
15 Account to recover historic fees incurred, and the second request was for a separate
16 fixed monthly surcharge to customers to recover the annual forecasted fees until their
17 next abbreviated or general rate filing. Unlike the water utilities, the Company does not
18 have a Revenue Reserve Account. While a regulatory asset is a different from a reserve
19 account, it is analogous as an accounting mechanism. While the Company could create
20 a monthly surcharge to recover Electronic Transaction Fees incurred on a going forward

1 basis like Providence Water, that presents some unique challenges for the Company, as
2 discussed above. For these reasons, the Company determined that recording regulatory
3 assets for both historic and future Electronic Transaction Fees is appropriate under the
4 circumstances. As explained in detail in the accompanying Petition, such mechanism is
5 widely recognized in utility ratemaking for the deferral of unexpected incremental
6 expenses, such as the Electronic Transaction Fees.

7
8 **Q. What are the rate impacts of the Company's proposal for recovery of the waived**
9 **Electronic Transaction Fees?**

10 A. Since the Company is proposing to record the amount of the waived Electronic
11 Transaction Fees and accrued carrying charges as regulatory assets on its books, there is
12 no immediate rate impact to customers. At the time of its next general rate filing, the
13 Company will include a proposal for recovery of future Electronic Transaction Fees in
14 base rates. In addition, the Company would include a proposal to recover the
15 accumulated regulatory asset balance associated with previously incurred Electronic
16 Transaction Fees for electric and gas customers, such as amortization over a certain
17 period, at which time it would have an impact on customers.

18

1 III. Conclusion

2 Q. Does this conclude your testimony?

3 A. Yes.

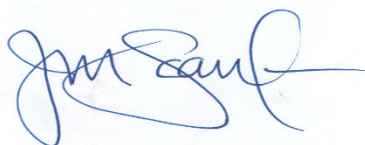
**THE NARRAGANSETT ELECTRIC COMPANY
d/b/a RHODE ISLAND ENERGY
RIPUC DOCKET NO. 24-05-GE
PETITION TO CREATE REGULATORY ASSETS
RE: WAIVED ELECTRONIC TRANSACTION FEES
WITNESSES: STEPHANIE A. BRIGGS AND JOHN B. CURRIE
SCHEDULE A**

Schedule A

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was 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.



Joanne M. Scanlon

January 31, 2024
Date

**Docket No. 5154 – Petition for Approval to Create Regulatory Assets Related to COVID-19 Impacts
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