



STATE OF RHODE ISLAND  
OFFICE OF THE ATTORNEY GENERAL

150 South Main Street • Providence, RI 02903  
(401) 274-4400 • www.riag.ri.gov

*Peter F. Neronha*  
*Attorney General*

June 14, 2024

*Via Electronic Mail*

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

**RE: Docket No. 24-16-EL**  
**RI Energy's Electric Pension Adjustment Factor 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, which provides the Division's position in the above-entitled docket.

Thank you for your cooperation in this matter.

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: 24-16-EL Service List  
Linda George, Esq., Division 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  
89 Jefferson Boulevard  
Warwick, Rhode Island 02888  
(401) 941-4500  
(401) 941-9248 - Fax

**To: Luly Massaro, Commission Clerk  
Public Utilities Commission**

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

**Date: June 14, 2024**

**Re: Docket 24-16-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 May 1, 2024 in the above referenced docket.

Rhode Island Energy ("RIE" or the "Company") submitted the filing in accordance with its Pension Adjustment Mechanism Provision tariff (RIPUC No. 2271, Effective October 1, 2023). The tariff states in part:

*The PAF shall recover from or credit to customers the prior year's reconciliation of the Company's actual pension and PBOP expenses to the Company's Pension and PBOP expenses allowance included in base distribution 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.*

The filing in this docket covers the nine month period April 1, 2023 through December 31, 2023. In the past, the reconciliation covered a 12-month period ending March 31<sup>st</sup> of each year, however the nine-month period used in this filing allows for the transition to a calendar year-end basis, which aligns the reconciliation with the annual actuarial valuations. This transition was included

in a proposed tariff amendment in Docket No. 23-27-EL, which was approved by the Public Utilities Commission in Order No. 24840. The approved tariff states in part

*. . . for the fiscal year ending December 31, 2023, the PAF will be computed as set forth above for the nine month period commencing April 1, 2023 and ending December 31, 2023, to align with the Company's fiscal year ended December 31.*

RIE's filing in this docket 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 July 1, 2024. The current PAF is a credit of \$0.00394/kWh and the proposed PAF is a credit of \$0.00274/kWh which if approved would result in a bill increase of \$0.63 or 0.5 percent for a residential customer using 500 kWhs per month.

The proposed PAF credit of \$0.00274 is based on a net over recovery of \$20.17M , which includes the following items:

<u>Description</u>	<u>Amount</u>
Pension Over Recovery	\$ 12,469,729
PBOP Over Recovery	\$ 6,717,664
Over Recovery of Prior Year Deferrals	\$ 228,353
Estimated Interest on Over Recovery	\$ 750,731
<b>Total Over Recovery with Interest</b>	<b>\$ 20,166,477</b>

To arrive at the proposed PAF credit of \$0.00274, the over recovery is divided by RIE's forecasted kWh sales for the period July 1, 2024 through June 30, 2025 of 7,342,483,665.

On May 15, 2024, 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 May 28, 2024. Based on our review of RIE's filing and their responses to our data requests, we concluded that the proposed PAF was accurately calculated and in accordance with the tariff. Accordingly, the Division recommends approval of the proposed PAF as filed.