STATE OF RHODE ISLAND

DIVISION OF PUBLIC UTILITIES & CARRIERS
Legal Section
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June 12, 2024

Via Electronic Mail

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

RE: DOCKET 24-18-EL
RHODE ISLAND ENERGY'S ELECTRIC REVENUE DECOUPLING MECHANISM RECONCILIATION FILING

Dear Ms. Massaro:

On behalf of the Division of Public Utilities and Carriers, please accept for filing the attached Memorandum from Joel Munoz, Assistant to the Chief Accountant, which provides the Division's position in the above-referenced docket.

Thank you for your attention to this submission.

Very truly yours,

/s/ Christy Hetherington

Christy Hetherington

Enclosure

cc: 24-18-EL Service List
Linda George, Division Administrator
Paul Roberti, Division Chief Economic and Policy Analyst

STATE OF RHODE ISLAND

DIVISION OF PUBLIC UTILITIES & CARRIERS
Accounting Section
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To: **Luly Massaro, Commission Clerk**
Rhode Island Public Utilities Commission

From: **Joel Munoz, Assistant to the Chief Accountant**
Division of Public Utilities & Carriers

Date: **June 12, 2024**

Re: **R.I.P.U.C. Docket No. 24-18-EL, Rhode Island Energy's Electric Revenue Decoupling Mechanism Reconciliation Filing**

INTRODUCTION

The Narragansett Electric Company, d/b/a Rhode Island Energy (the "Company") filed its Annual Revenue Decoupling Mechanism ("RDM") reconciliation for the 12-month period ending March 31, 2024. This filing is submitted pursuant to tariff R.I.P.U.C. No. 2218 which the Public Utilities Commission (the "Commission") approved in Docket 4770. The Division of Public Utilities and Carriers (the "Division") has reviewed this filing to ensure the reconciliation is accurately calculated and in accordance with the relevant tariff. This Memorandum presents the results of our review.

REVENUE DECOUPLING MECHANISM RECONCILIATION

The Company's RDM reconciliation compares the Annual Target Revenue ("ATR") as approved by the Commission to actual billed distribution revenues. The amount to be reconciled is the difference between the actual billed distribution revenue and the target revenue. This positive or negative amount will be credited or charged to customers through the RDM adjustment factor.

The following summarizes the amounts included in the current filing and the calculation of the proposed adjustment factor:

RDM Reconciliation – Under Recovery	$8,250,134
Customer Charge Deferral plus interest – Under Recovery	$ 422,222
Performance Incentive Factor (“PIF”) – Under Recovery	$ 144,035
Estimated Interest during Recovery Period	$ 266,065
Total Recovery Amount Including Interest	$9,082,456
Forecasted July 1, 2024 – June 30, 2025 kWh Deliveries	7,342,483,665
Proposed RDM Adjustment Factor	*$0.00123 per kWh*

The RDM Reconciliation for the period ending March 31, 2024, was an under-recovery of $8,250,134. That amount includes $8,126,843, the difference between the ATR of $299,305,226 and the actual billed distribution revenues of $291,184,779, plus $123,291 in interest based on the effective rates of interest paid on customer deposits during the 2024 RDM Year. Also included in this year’s RDM calculation is $422,222 in net revenue under-recovery plus interest relating to the deferred customer charge for rate classes A-16, A-60, and C-06 for the period of October 2022 through October 2023.[1] There is also a PIF under-recovery final reconciliation of $144,035.[2] Finally, the calculation also includes estimated interest of $266,065 during the recovery period of July 1, 2024, through June 30, 2025. The total amount to be collected from ratepayers is $9,082,456.

The Company reported that actual deliveries (7,235.3 GWh) for the 2024 RDM Year were lower by approximately 0.06% to the Rate Year Forecast approved in Docket 4770 (7,280.0 GWh).[3] The Company further analyzed the customer class GWh deliveries and concluded that “the negative variance in the Industrial customer class was partially offset by the positive variance in the actual vs forecast deliveries for the Residential and Commercial customer classes.”[4]

Based on the total amount to be recovered of $9,082,456 and the projected deliveries of 7,342,483,665 kWh for the July 1, 2024, through June 30, 2025, recovery period, the proposed RDM factor calculates to a charge of $0.00123/kWh, applicable to all customers effective July 1, 2024. The proposed factor is an increase of $0.00047/kWh from the current factor of $0.00076. The impact of the proposed RDM adjustment factor on a typical residential customer using 500 kWh per month is an increase of $0.24, or 0.2%, from $136.57 to $136.81. The impacts of the

[1] In Docket 4978, the Commission ordered the Company to defer collection of the customer charge for all customers in the A-16, A-60, and C-06 six-months starting October 1, 2022, and authorized it to create a regulatory asset for recovery at a later date. In the same docket, the Company was authorized to recover the deferred customer charges from the same rate classes for the period April 1, 2023, through September 30, 2023.

[2] Although the period of the PIF program in Docket 4770 ended June 30, 2023, there remained under-recovery amounts due to the Company: $45,913 for 2020 and $98,122 for 2021.

[3] Company’s Joint Pre-Filed Testimony at Table 1, Page 11 of 17.

[4] Id. at Page 10 of 17.

proposed RDM Adjustment Factor as well as the proposed Pension Adjustment Factor, Arrearage Management Adjustment Factor, and Low-Income Discount Recovery Factor on a residential Last Resort Service customer using 500 kWh per month is an increase of $0.97, or 0.7%, from $136.57 to $137.54.

RECOMMENDATION

The Division has reviewed the filing in detail and concluded that the Company correctly calculated the proposed RDM adjustment factor. The Division recommends approval of the proposed RDM Adjustment factor of $0.00123/kWh to go into effect on July 1, 2024, as filed.