



STATE OF RHODE ISLAND

DIVISION OF PUBLIC UTILITIES & CARRIERS

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Memorandum

DATE: June 27, 2024

TO: Luly Massaro
Clerk, Public Utilities Commission

FROM: Joel A. Munoz
Assistant to the Chief Accountant, Division of Public Utilities and Carriers

SUBJECT: R.I.P.U.C. Docket No. 23-45-EL - The Narragansett Electric Co. d/b/a Rhode Island Energy's Long-Term Contracting for Renewable Energy Recovery Factor Filing

On May 31, 2024, The Narragansett Electric Company d/b/a Rhode Island Energy (“RIE” or the “Company”) filed with the Public Utilities Commission (“Commission”) an update of the projected 2024 expense recovered via the Long-Term Contracting (“LTC”) Recovery Factor in this docket. The Company explained that its analysis, utilizing actual data for January through April 2024 and updated forecast data for May through December 2024, revealed an updated Total Estimated Above Market Costs of \$47.4M.¹ The currently effective LTC Factor was designed to recover a Total Estimated Above Market Costs of \$30.8M, a difference and now projected under-recovery for calendar year 2024 of \$16.6 M. The primary factor for the significant difference was the lower actual and projected energy prices from January to March 2024 and the updated May to December 2024 proxies compared to the 2024 energy market future the Company used in November 2023 to set the current LTC Recovery Factor.²

In order to recover \$6.5M, the difference between the original May through December 2024 expense forecast and the updated May through December 2024 expense forecast, RIE proposes an increase to the currently effective LTC Recovery Factor for the period August 1, 2024, through

¹ RIE ‘s Attachment 1, Page 2 of 7.

² RIE’s Pre-Filed Direct Testimony, Page 10 of 16.

December 31, 2024, of \$0.00211 per kWh.³ For customers using 500 kWh per month, the proposed increase would represent an increase on their monthly bill by \$1.10 or 0.8% from \$136.57 to \$137.67.⁴ The remaining under-recovery of \$10.1M will be included for recovery via the reconciliation of the 2024 LTC Recovery Factor included in next year's RIE Retail Rate Filing in February of 2025.

The Division has reviewed the filing in detail and concluded that the Company correctly calculated the proposed increase to the LTC Factor. The Division recommends approval of the proposed increase of \$0.00211/kWh to go into effect for the period August 1, 2024, through December 31, 2024, as filed.

³ RIE's Attachment 1, Page 1 of 7.

⁴ RIE's Attachment 2, Page 1 of 6.