

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

IN RE: RHODE ISLAND ENERGY PETITION :
FOR APPROVAL TO CREATE REGULATORY: DOCKET NO. 24-05-GE
ASSETS FOR WAIVED ELECTRONIC :
TRANSACTION FEES :

ORDER

In 2020, the Public Utilities Commission (Commission), responding to the COVID-19 pandemic and various Executive Orders that affected Rhode Islanders’ economic activities, entered a series of orders to provide relief to customers during various employment closures.¹ One of the Commission’s orders required all utilities who accepted electronic payments (credit/debit card, ETF, electronic checks, etc.) to cease assessing customers the electronic payment fee assessed by the processing vendor. This order only affected certain utilities because some were already absorbing the processing fees in their rates. In the final COVID-related order, on November 5, 2021, the Commission continued the requirement that utilities absorb the electronic processing fees.²

Specifically, the Commission stated, “Utilities subject to this order shall continue to suspend credit card fees, debit card fees, and ACH fees. Each utility that ordinarily charges late fees, interest charges, or passes through credit card, debit card, or ACH fees may, but is not required to seek recovery of the waived fees in a separate petition.”³

On January 31, 2024, The Narragansett Electric Company d/b/a Rhode Island Energy (RI Energy or Company) filed with the Commission for authorization to establish regulatory assets for

¹ See generally, Docket No. 5022, In re: Suspension of Service Terminations and Certain Collections Activities During the COVID-19 Emergency.

² Order No. 24424 (June 6, 2022); <https://ripuc.ri.gov/sites/g/files/xkgbur841/files/2022-06/5022-Emergency-Ord24424%20%286-6-2022%29.pdf>

³ *Id.* at Ordering Paragraph 1.

electronic transaction fees incurred from July 1, 2020, through the Commission’s decision plus the amount of electronic transaction fees incurred on a going forward basis, plus interest, until the costs are included in rates.^{4,5} At the time of filing, RI Energy was recording the waived fees as an operating expense on its financial statements. Commission approval, according to the Company’s Petition, would allow RI Energy to defer the costs to its balance sheet instead of recording them as period expenses on its income statement until the Company can include them in its cost of service, presumably in its next rate case.⁶ Rhode Island Energy’s witnesses explained that it considered alternative recovery mechanisms such as revenue decoupling, or a combination of regulatory assets for previously incurred expenses and a surcharge for expenses incurred in the future. They explained, however, that these were not as efficient due to timing considerations and additional administrative costs.⁷ Furthermore, approval of a regulatory asset would have no immediate rate impact on customers but would be addressed in the next rate case and could include a proposal to recover the accumulated amount such as amortization over a certain period of time.⁸

Following the receipt of RI Energy’s responses to Commission and Division of Public Utilities and Carriers (Division) data requests, verifying the claimed costs and any impact on previously filed earnings reports, particularly those where the Company experienced earnings in excess of the allowed return, the Division submitted a Memorandum. John Bell, the Division’s Chief Accountant, recommended approval of the regulatory assets, but with a downward adjustment to the claimed expenses for the period July 1, 2020, through the date of the Commission’s decision. Mr. Bell provided an analysis of the impact of the waived electronic fees

⁴ Pet. at 11; Briggs and Currie (Jt.) Test. at 5-6.

⁵ In its Order, the Commission stated, “In the utility’s next base rate case (general or abbreviated), the costs should be included in their cost of service in the same manner as all other billing costs, taking into account any cash flow benefits that result from online payments.” Order No. 24424 at 7.

⁶ Pet. at 10.

⁷ Jt. Test. at 8-12.

⁸ *Id.* at 12.

on the Company's earnings and, in turn, the operation of the earning sharing mechanism. If the Company had been deferring the waived expenses through a regulatory asset during those periods when the earning sharing mechanism was implicated, ratepayers would have received a higher dollar value than they did. Rhode Island Energy's gas operations did not exceed the allowed return during the period. The electric operations, however, did have two years, 2020 and 2021 where earnings exceeded the allowed threshold, thus triggering a sharing of earnings with ratepayers. Therefore, based on Mr. Bell's calculations, he recommended the Commission reduce the regulatory asset request for electric operations by \$691,878.⁹ He advised that if the Company's 2023 Earnings Reports showed that the Company was in an earning sharing position for either electric or gas operations, the Division would seek to further adjust the Company's request.¹⁰

On July 19, 2024, the Company submitted a letter from legal counsel advising that it did not object to the Division's recommendation to adjust the electric regulatory asset for the period July 1, 2020 through January 31, 2024 to account for the impact of earnings sharing in CY 2020 and CY 2021. The Company concurred with the Division's calculation of the Company's earnings sharing in CY 2020 and CY 2021 and the proposed adjustment. Noting that the Division had indicated it may seek to adjust their recommendation for both the gas and electric operations based on the Company's 2023 earnings, counsel indicated that the 2023 earnings filed on July 15, 2024, reflected no earnings sharing for CY 2023.¹¹

On July 30, 2024, the Commission reviewed the record and adopted the Division's recommendation that the company's regulatory asset request for electric operations be reduced by \$691,878 to \$2,516,506 for the period July 1, 2020 through January 31, 2024. The Commission

⁹ Bell Mem. at 2-3.

¹⁰ *Id.* at 3.

¹¹ Hutchinson Letter at 2 (July 19, 2024).

then approved the creation of regulatory assets for the future consideration of recovery of waived electronic transaction fees that have been incurred for gas operations and electric operations as modified by the Division, and to record the amount of electronic transaction fees assessed on a going forward basis as regulatory assets until the Company's next general rate case or as otherwise determined by the PUC.

Accordingly, it is hereby,

(25226) ORDERED:

1. The Narragansett Electric Company d/b/a Rhode Island Energy's January 31, 2024 request for authorization to create regulatory assets and 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, with interest, incurred through July 30, 2024, is reduced by \$691,878.
2. The Narragansett Electric Company d/b/a Rhode Island Energy is authorized to create a regulatory asset for the future consideration of recovery of waived electronic transaction fees that have been incurred for gas operations and electronic operations as modified by the Division, and to record the amount of electric transaction fees assessed on a going forward basis as regulatory assets until the Company's next general rate case or as otherwise determined by the PUC.

EFFECTIVE AT WARWICK, RHODE ISLAND ON AUGUST 1, 2024, PURSUANT TO AN OPEN MEETING DECISION ON JULY 30, 2024. WRITTEN ORDER ISSUED JANUARY 6, 2025.

PUBLIC UTILITIES COMMISSION



Ronald T. Gerwatowski, Chairman



Abigail Anthony, Commissioner

*John C. Revens, Jr., Commissioner

*Commissioner Revens is unavailable for signature due to his retirement.

NOTICE OF RIGHT OF APPEAL: Pursuant to R.I. Gen. Laws § 39-5-1, any person aggrieved by a decision or order of the PUC may, within seven days from the date of the order, petition the Rhode Island Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or order.