



STATE OF RHODE ISLAND

DIVISION OF PUBLIC UTILITIES & CARRIERS

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Memorandum

TO: Stephanie De La Rosa, Commission Clerk
Rhode Island Public Utilities Commission

FROM: Alfred Contente, Utility Analyst
Division of Public Utilities & Carriers

DATE: June 11, 2025

SUBJECT: RI Energy – Residential Assistance Recovery Filing: Docket 25-14-EL

On May 15, 2025 The Narragansett Electric Company d/b/a Rhode Island Energy (“RIE” or “Company”) filed with the Rhode Island Public Utilities Commission (“RIPUC” or “Commission”) its Residential Assistance Recovery Filing which included the proposed Arrearage Management Adjustment Factor (“AMAF”) pursuant to the Company’s Arrearage Management Program (“AMP”), and the Low-Income Discount Recovery Factor (“LIDRF”) both of which are covered by the Company’s Residential Assistance Provision (“RAP”) pursuant to RIPUC Tariff Provision No. 2239.

The filing consisted of a cover letter and included direct testimony of Nolan Souza with the following attachments:

- Schedule NECO-1-- Arrearage Management Adjustment Factor and Calculations of Recoverable Arrearage Management Forgiveness Amount
- Schedule NECO-2 -- Reconciliation of Recovery of CY 2022 AMP Forgiveness, July 1, 2023 through June 2024, and status of Reconciliation of Recovery of CY 2023 AMP Forgiveness, July 1, 2024 through Present
- Schedule NECO-3 -- Calculation of Estimated Low-Income Discount, Low-Income Discount Recovery Factor, and Effective Discount Percentage Calculation

- Schedule NECO-4 -- Reconciliation of Low-Income Discount and Recovery, July 1, 2023 through June 2024, and status of Reconciliation of Low-Income Discount and Recovery, July 1, 2024 through Present
- Schedule NECO-5 -- Typical Bills

Arrearage Management Adjustment Factor

The proposed AMAF is designed to recover the total amount of arrearages forgiven by the Company from customers that have defaulted or opted out of their AMP payment plan, and the arrearages forgiven by the Company from successful payment plans that exceed the bad debt allowance for that calendar year.

On page eight of the testimony, the Company explained that the bad debt calculation used in this filing would not include the uncollectible discount from the Purchase of Receivables (“POR”) as those numbers are parsed and reconciled annually within a separate POR docket. The Division agrees that it is appropriate to exclude the POR uncollectibles discount or actual write-offs from the bad debt allowance calculation in this filing.

RIE also explained an adjustment they put into place to correct a mis-reported number from last year’s filing in Docket No. 24-27-EL. It appears that the company over-stated one value and under-stated another by using wrong AMAF rates when calculating specific monthly collection values. The error created an overstated collection of \$6,907 and was corrected and shown on NECO-1, page 2.

The Company calculated the total allowable bad debt for CY 2024 to be \$14,487,023¹, while the actual bad debt was \$11,853,884². Since the actual bad debt did not exceed the allowance, the Company is not allowed, per section XII of the RAP tariff, to recover any portion of the arrearages forgiven related to customers that successfully completed their AMP payment plan.³

The AMP reconciliation includes a prior period under-recovery balance of \$56,628 as of June 30, 2024. The under-recovery is included for recovery in the Company’s proposal as shown below.

The total recoverable arrearage forgiveness amount for CY 2024 includes the following:

Recoverable AMP Forgiveness (defaulted)	\$ 419,743
Recoverable AMP Forgiveness (cancelled)	<u>\$ 35,915</u>
Recoverable Arrearage Forgiveness Amount	\$ 455,658
Allowable Portion of Successful AMP Forgiveness	\$ 0
Under-Recovered from Prior Recovery Period Ending June 30, 2024	<u>\$ 56,628</u>

¹ Schedule NECO-1, Page 2, Line (7)

² Schedule NECO-1, Page 2, Line (8)

³ The Company reported that \$79,169 of arrears were forgiven in CY 2024 for successful participants. Schedule NECO-1, Page 2, Line (10)

Total Recoverable Arrearage Forgiveness Amount	<u>\$ 512,286</u>
Forecasted July 1, 2025 – June 30, 2026 kWh Deliveries	7,646,476,030
Proposed Arrearage Management Adjustment Factor	\$0.00006/kWh

The proposed AMAF of \$0.00006/kWh is computed by dividing the total recoverable arrearage forgiveness amount by the forecasted kWh deliveries for the period July 1, 2025 through June 30, 2026. The proposed factor is a decrease from the current factor \$0.00009/kWh.

Low-Income Discount Recovery Factor

The proposed Low-Income Discount Recovery Factor is designed to recover the estimated amount of low-income discounts to be credited to Rate A-60 (residential low income) customers’ electric bills during the period July 2025 through June 2026, and to recovering the ending under-recovered balance for the Prior Period Recovery which ended June 30, 2024.

The LIDRF reconciliation shows an under-recovery of \$92,612 for the period July 1, 2023 through June 30, 2024. This under-recovery is included for recovery in the proposed LIDRF for the period July 1, 2025 through June 30, 2026.

The LIDRF reconciliation for the current period of July 1, 2024 through June 30, 2025 shows a remaining balance of \$92,612 as of the end of April 2025. The Company will continue to recover revenues and incur additional discounts through June 30, 2025, and any over or under recovered balance at that time will be reconciled through next year’s filing.

The proposed LIDRF was calculated by using an average of the number of low-income customers per month (33,274) for the period May 2024 – April 2025, then calculating the total charges at the full residential rate (Rate Class A-16), and then discounting it using a blended discount rate of 26.0%. The blended discount rate is based on actual low-income discounts at the 25% and 30% levels for the period May 2024 through April 2025. The total low-income discount is estimated at \$18,624,783⁴ for the 12-month period ending June 30, 2026. As shown on Table 1 on the following page, the total discount has increased over the past five years due to a combination of increased rates and, until this year, an increase in the number of customers on the A-60 rate. The slight drop in the number of customers compared to last year helped to temper the increase of the total discount.

⁴ NECO-3, Page 1, line (26)

Table 1

Timeframe	Total Annual Low-Income Discount	Average Monthly A-60 Customer Count*
July 2021 – June 2022	\$12,646,566	32,395
July 2022 – June 2023	\$13,976,850	32,289
July 2023 – June 2024	\$16,568,386	38,125
July 2024 – June 2025	\$18,594,044	36,320
July 2025 – June 2026	\$18,624,783	33,274

* May – April (prior year actuals)

Review of A-60 Customer Counts

As noted earlier, the Company based their calculation of the estimated discount on an A-60 customer count of 33,274, which was the average of the actual A-60 customer counts for the 12-month period ending April 25 (NECO-3, Page 2 of 2). The methodology is consistent with past filings and although the average customer counts vary year-to-year, the overall difference from 2022 to 2026 is under three percent.

Review of Factor Calculation

As shown below, the projected cost of \$18,532,171 for the upcoming 12-month period plus the actual under-collection of \$92,612 for the July 1, 2023 – June 30, 2024 period totals \$18,624,783. That total is then divided by the forecasted kWh's for all customer classes except for the A-60 class from July 1, 2025 through June 30, 2026, resulting in a proposed LIDRF of \$0.00251/kWh.

Estimated Low Income Discount	\$ 18,532,171
Under-Recovered from Prior Period Ending June 30, 2024	\$ 92,612
Total Low-Income Discount	<u>\$ 18,624,783</u>
Forecasted kWh Deliveries July 1, 2025 – June 30, 2026 (Excluding A-60 Rate kWh's)	7,404,662,937
Proposed Low-Income Discount Recovery Factor	\$ 0.00251/kWh

The proposed LIDRF is a decrease of \$0.00026/kWh from the current factor of \$0.00277/kWh. The combined impact of both the proposed AMAF and LIDRF for a residential customer using 500 kWh's per month is a decrease of \$0.15, or about 0.1%.

Recommendation

The Division reviewed the Company's Residential Assistance Recovery Filing and concluded that the Company's AMAF and LIDRF calculations are correct and made in accordance with the approved tariff. Accordingly, we recommend approval of the proposed AMAF of \$0.00006/kWh and LIDRF of \$0.00251/kWh.