



STATE OF RHODE ISLAND

DIVISION OF PUBLIC UTILITIES & CARRIERS

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**To: Stephanie De La Rosa, Commission Clerk
Public Utilities Commission**

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

Date: September 17, 2025

Re: Docket No. 23-48-EL, Rhode Island Energy's FY 2025 Electric ISR Reconciliation

The purpose of this memo is to provide the Public Utilities Commission (“Commission”) with the Division of Public Utilities and Carriers’ (“Division”) recommended position concerning the rate component of The Narragansett Electric Company’s d/b/a Rhode Island Energy (“RIE” or the “Company”) FY 2025 Electric Infrastructure, Safety and Reliability (“ISR”) Plan Annual Reconciliation filing

In response to the filing, Mr. Gregory Booth, Division Engineering Consultant, reviewed the filing related to the variances between the ISR Plan budget and the actual spend as reported in the reconciliation filing. Please see Mr. Booth’s accompanying Memorandum concerning his variance analysis review. Mr. David Effron, Division Accounting and Rate Consultant, and I, reviewed the reconciliation of the revenue requirements.

In the Company’s August 1, 2025 filing, it proposed a CapEx Reconciling Factor of \$0.00095/kWh, and an O&M Reconciling Factor of \$0.00004/kWh. The impact of the proposed factors on a residential customer using 500/kWh’s per month would be an increase of \$0.42 or approximately 0.3%. In its filing, the Company reported a transformer overspend of \$9.5 million and noted that it was still reviewing the root cause. In response to Division 1-12, the Company identified an error which reduced the transformer spend by \$2.6 million. On September 11, 2025, RIE submitted corrected Revenue Requirement, ISR Factor and Bill Impacts Schedules to reflect the removal of \$2.6 million from the transformer spend. The correction resulted in a \$19,483 decrease in revenue requirements and a proposed CapEx Reconciling Factor of \$0.00094, which is a \$0.00001 decrease from the originally filed factor.

The Company's revenue requirements calculations were presented in the testimony and schedules of Mr. Jeffery D. Olivera. Additionally, tax issues that impact rate base along with the Hold Harmless Adjustment were presented in the testimony and schedules of Ms. Natalie Hawk. The reconciliation filing results in an incremental revenue increase of \$4,182,761¹, which includes the impact of both the CapEx and OpEx reconciliations. This amount reflects a \$662,013 downward adjustment to reflect the FY 2025 the soft budget overspend. The Division reviewed both sets of testimonies and the accompanying schedules and calculations that were included in the original filing and the corrected schedules submitted on September 11, 2025, and did not note any errors or exceptions.

Currently, responses to the Division's second set of data requests, and the PUC's second and third sets are outstanding. In addition, as noted in Mr. Booth's Memorandum, the Division is recommending the Company conduct an audit of its transformer inventory in order to provide assurance that the inventory counts and associated costs are accurately reported, and also to ensure that ratepayers are not charged twice for transformers that came over to RIE from NGrid as part of the PPL acquisition of the Company. Though there are outstanding issues that may need to be addressed at a later date, the Division recommends that the proposed reconciliation factors be approved for effect on October 1, 2025, subject to future adjustment if necessary.

¹ Attachment JDO-1 Corrected, Page 1 of 39.