

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

**IN RE: PROPOSAL TO CHANGE RATE ACCOUNTING :
AND ISSUE BILL CREDITS RELATING TO A :
COMMITMENT TO HOLD CUSTOMERS : DOCKET NO. 25-33-GE
HARMLESS FROM AN ACQUISITION-RELATED :
INCREASE IN RATES :**

**PUBLIC UTILITIES COMMISSION’S FOURTH SET OF DATA REQUESTS
DIRECTED TO RHODE ISLAND ENERGY (Rhode Island Energy or Company)**

**(Issued October 22, 2025
Due November 4, 2025)**

- 5-1. Regarding the Gross Earnings Tax adjustment (“GET adjustment”) referenced in the responses to PUC 1-21 and PUC 3-3:
- a. Please clarify whether it is the Company’s expectation that by making the GET adjustment on customer bills, the Company will avoid paying the State of Rhode Island relating to a GET liability of \$5,582,959 shown in Attachment PUC 3-3, or whether the Company will pay the tax liability to the State and is simply crediting customers in order to avoid charging customers for the tax liability.
 - b. If the Company believes that it will avoid paying the tax liability, please explain how the Company reaches that conclusion under the prevailing laws relating to the GET.
 - c. If the Company will be paying the tax liability, how will the cash value of the GET adjustment (i.e., the additional \$5,582,959 shown in Attachment PUC 3-3) be funded? Will the cash contribution from the affiliate cover the amount or will it be absorbed by Rhode Island Energy as an additional expense?
 - d. Was it the intention of the Company to reflect in the Implementation Agreement the commitment to make the Gross Earning Tax adjustment (“GET adjustment”) referenced in the responses to PUC 1-21 and PUC 3-3, or was the commitment to make the GET adjustment added after execution of the Implementation Agreement? If intended to be reflected in the Implementation Agreement, please explain how it was included and memorialized. If added later, please identify when the Company made that additional commitment and how it has been memorialized.
- 5-2. One of the stipulated statements for which the Commission sought confirmation in response to PUC 3-4 was as follows: “Under the Company’s proposal, PPL (or its affiliate) will make a capital contribution to Rhode Island Energy that will increase the shareholder equity in Rhode Island Energy’s capital structure.” But the response indicates that the statement is “inaccurate.” Please explain why it is inaccurate given the statement in the same response to PUC 3-4 that states: “PPL Rhode Island Holdings, LLC, would be required to make a capital contribution to balance the debt-to-equity ratio following the application of the Credits,

notwithstanding other items impacting the debt-to-equity ratio during the respective period.” (emphasis added)

- 5-3. One of the stipulated statements for which the Commission sought confirmation in response to PUC 3-4 was as follows: “The cash provided by the capital contribution will be used by Rhode Island Energy to pay out the proposed Hold Harmless Credits.” But the response indicates that the statement is “inaccurate.” Please explain why it is inaccurate given the statement in response to PUC 1-14 that states: “Journal Entry 3: As the credits are provided to customers in January through March of 2026 and 2027, PPL Rhode Island Holdings, LLC (“RI Holdings”) will make a cash contribution to the Company.” (emphasis added).
- 5-4. One of the stipulated statements for which the Commission sought confirmation in response to PUC 3-4 was as follows: “all things being equal, shareholders will be able to earn a return on its capital contribution that was used to pay the proposed Hold Harmless Credits that is equal to the Company’s actual weighted average cost of capital in each year across the relevant period, paid in future rates by ratepayers.” But the response indicates that the statement is “inaccurate.” Please explain why that statement is inaccurate.
- 5-5. The response to PUC 3-5(d) indicates that recording of a regulatory liability in 2024 for the hold harmless obligation as it relates to transmission rates was disclosed.
 - a. In PUC 3-5, the question also asked the Company: “If [disclosed], please indicate when and in what filing this occurred.” The response does not answer that question. To whom and when was it disclosed?
 - b. Please identify the line item in the Company’s annual earnings report for 2024 that reflected the regulatory liability.
 - c. Please explain why the Company did not propose a revenue requirement adjustment to hold customers harmless from the increase in transmission rates that occurred in calendar year 2024 (either in the retail rate filing for 2024 or 2025) and, instead, merely booked a regulatory liability without seeking any formal regulatory approval or disclosing it transparently to the Commission.
 - d. Please explain why the Company’s booking of a regulatory liability without a regulatory pre-approval, as opposed to crediting customers in 2024 in retail rates, was not a violation of the hold harmless commitment in 2024.
 - e. The response to PUC 1-1 contains the following statement: “This liability is calculated by comparing what transmission rates would have been had the Acquisition not occurred against the transmission rates resulting from the increased rate base included in the FERC formula filings.” In calculating the hold harmless amount, did the Company duplicate the transmission formula rate calculation consistent with the requirements of the federal rates in order to calculate the hold harmless with and without the Acquisition occurring, or use a simplifying methodology? Please explain how the calculation was performed.