



STATE OF RHODE ISLAND

DIVISION OF PUBLIC UTILITIES & CARRIERS

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October 23, 2025

Stephanie DeLaRosa, Clerk
Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

Re: Docket No. 25-33-GE In Re: Proposal to Change Rate Accounting and Issue Bill Credits
Relating to a Commitment to Hold Customers Harmless from an Acquisition-Related
Increase in Rates

Dear Ms. DeLaRosa:

This letter is filed by the Division of Public Utilities (“Division”) to support Rhode Island Energy’s (“RIE”) tariff advice because it implements the Division’s Order No. 25439 in Division Docket D-21-09.

By way of background and travel, on May 4, 2021, Petitioners¹ sought authority from the Division pursuant to R.I. Gen Law §§ 39-3-24 and 39-3-25 and 815-RICR-00-00-1.13 for authority to transfer ownership (one-hundred percent of the outstanding shares of common stock) of the Narragansett Electric Company from National Grid USA to PPL Rhode Island Holdings, LLC – a subsidiary of PPL Corporation. As a condition of the approval of the transaction, the Division ordered fulfillment of seventeen (17) “commitments,” one of which was had been termed the “Hold Harmless Commitment.”² *See* Order No. 24322 (issued February 23, 2022). This very issue – that of the need to ensure ratepayers would not be harmed by the elimination of the Accumulated Deferred Income Tax upon time of sale (causing a loss of rate base reduction thereby increasing revenue requirement) – was raised by the Division’s Advocacy Section’s expert, David J. Efron,

¹ Petitioners included PPL Corporation, PPL Rhode Island Holdings, LLC, National Grid USA and The Narragansett Electric Company.

² Precisely, Commitment 16 states as follows: “16. Commitment to address Accumulated Deferred Income Taxes: PPL will hold harmless Rhode Island customers from any changes to Accumulated Deferred Income Taxes (“ADIT”) as a result of the Transaction. PPL reserves the right to seek rate adjustments based on future changes to ADIT that are not related to the Transaction (e.g., changes to applicable tax law).” Order No. 24322 at p. 257-258; *see also* pp. 333-334, Docket D-21-09.

during the pendency of the transaction docket. *See* Docket No. D-21-09 Testimony of David J. Effron, November 2, 2021. Although the Company was required to hold its ratepayers “harmless” from this sale/tax consequence, it was not required to follow any precise mechanism to do so.

On June 19, 2025, after a careful investigation and negotiation process to define a methodology for an accelerated implementation of the Division Order’s “hold harmless” condition, RIE and the Division Advocacy Section executed a “Hold Harmless Execution Agreement” (Exhibit A attached hereto.) The agreement was then submitted to a Division Hearing officer for hearing and review.

On September 10, 2025, the Division issued Order No. 25439, finding that “the Company’s performance of its obligations under the Hold Harmless Implementation Agreement will satisfy its obligations under the Hold Harmless Commitment established in Order No. 24322 and that the Company’s performance under the Hold Harmless Implementation Agreement will fully discharge its obligations thereunder.” (Copy of order attached as Exhibit B.)³

The final terms therein were vetted by a Division Advocacy Section expert who determined that the present-day value methodology and calculations met appropriate accounting industry standards and were wholly accurate. Moreover, the Division’s Hearing Officer determined, and the Division Administrator agreed that the acceleration of the ratepayer credits proposed under the Hold Harmless Implementation Agreement was an acceptable methodology to satisfy the Company’s obligation to hold ratepayers harmless, as required by the Division’s order.

To the extent that RIE has determined that a tariff advice is an appropriate methodology to implement the authority granted under Division Order No. 25439, the Division supports the Company’s petition.

Very truly yours,

RI Division of Public Utilities and Carriers
/s/ Christy L. Hetherington, Esq.(#6693)
/s/ Margaret L. Hogan, Esq. (#5006)
89 Jefferson Blvd
Warwick, RI 02888

Enclosures

cc: Docket No. 25-33-GE Service List via electronic mail

³ While the RI Attorney General appealed Division Order No. 24322, no appeal was taken from Division Order No. 25439.

