

Andrew S. Marcaccio, Counsel
PPL Services Corporation
AMarcaccio@pplweb.com

280 Melrose Street
Providence, RI 02907
Phone 401-784-4263



December 5, 2025

VIA ELECTRONIC MAIL AND HAND DELIVERY

Stephanie De La Rosa, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

RE: Docket No. 25-28-EL – Public Utilities Commission’s Request for Comment on Options for Mitigating Winter Price Volatility for the Winter of 2025 – 2026 Response to Record Request

Dear Ms. De La Rosa:

On behalf of The Narragansett Electric Company d/b/a Rhode Island Energy (the “Company” or “Rhode Island Energy”), attached please find the Company’s response to the record request issued at the Public Utilities Commission’s evidentiary hearing on November 19, 2025 in the above-referenced matter.

Thank you for your attention to this filing. If you have any questions concerning this matter, please do not hesitate to contact me at 401-784-4263.

Sincerely,

A handwritten signature in blue ink, appearing to read "Andrew S. Marcaccio".

Andrew S. Marcaccio

Enclosures

cc: Docket No. 25-28-EL Service List
John Bell, Division
Christy Hetherington, Esq.
Margaret Hogan, Esq.
Nicole Corbin, Esq.
John Harrington, Esq.
Kyle Lynch, Esq.
Gregory Schultz, Esq.
Mark Simpkins, Esq.
Leo Wold, Esq.

The Narragansett Electric Company
d/b/a Rhode Island Energy
RIPUC Docket No. 25-28-EL
In Re: Winter Price Volatility for the Winter of 2025 -2026
Response to the Record Request
Issued at the Commission's Evidentiary Hearing
On November 19, 2025

Record Request No. 1

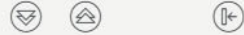
Request:

Please provide a copy of the guidance within the Financial Accounting Standards Board's Accounting Standards regarding the recognition of regulatory assets.

Response:

Please see Attachment RR-1.

Contents



980-340-25 Recognition

General

980-340-25 Recognition

General Note

The Recognition Section provides guidance on the required criteria, timing, and location (within the financial statements) for recording a particular item in the financial statements. Disclosure is not recognition.

General

Effects of Regulation

Recognition of Regulatory Assets

25-1 Rate actions of a regulator can provide reasonable assurance of the existence of an asset. An entity shall [capitalize](#) all or part of an [incurred cost](#) that would otherwise be charged to expense if both of the following criteria are met:

- a It is probable (as defined in Topic 450) that future revenue in an amount at least equal to the capitalized cost will result from inclusion of that cost in [allowable costs](#) for rate-making purposes.
- b Based on available evidence, the future revenue will be provided to permit recovery of the previously incurred cost rather than to provide for expected levels of similar future costs. If the revenue will be provided through an automatic rate-adjustment clause, this criterion requires that the regulator's intent clearly be to permit recovery of the previously incurred cost.

A cost that does not meet these asset recognition criteria at the date the cost is incurred shall be recognized as a regulatory asset when it does meet those criteria at a later date.



980-605-25 Recognition

General

Alternative Revenue Programs

25-1 Traditionally, regulated utilities whose rates are determined based on cost of service invoice their customers by applying approved base rates (designed to recover the utility's [allowable costs](#) including a return on shareholders' investment) to usage. Some regulators of utilities have also authorized the use of additional, alternative revenue programs. The major alternative revenue programs currently used can generally be segregated into two categories, Type A and Type B.

25-2 Type A programs adjust billings for the effects of weather abnormalities or broad external factors or to compensate the utility for demand-side management initiatives (for example, no-growth plans and similar conservation efforts). Type B programs provide for additional billings (incentive awards) if the utility achieves certain objectives, such as reducing costs, reaching specified milestones, or demonstratively improving customer service.

25-3 Both types of programs enable the utility to adjust rates in the future (usually as a surcharge applied to future billings) in response to past activities or completed events.

25-4 Once the specific events permitting billing of the additional revenues under Type A and Type B programs have been completed, the regulated utility shall recognize the additional revenues if all of the following conditions are met:

- a The program is established by an order from the utility's regulatory commission that allows for automatic adjustment of future rates. Verification of the adjustment to future rates by the regulator would not preclude the adjustment from being considered automatic.
- b The amount of additional revenues for the period is objectively determinable and is probable of recovery.
- c The additional revenues will be collected within 24 months following the end of the annual period in which they are recognized.