

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION**

**IN RE: THE NARRAGANSETT ELECTRIC COMPANY :
d/b/a NATIONAL GRID'S FY 2015 ELECTRIC REVENUE : DOCKET NO. 4566
DECOUPLING MECHANISM RECONCILIATION FILING :**

ORDER

On May 14, 2015, The Narragansett Electric Company d/b/a National Grid (National Grid or Company) filed its Revenue Decoupling Mechanism (RDM) adjustment factor with the Public Utilities Commission (Commission or PUC) pursuant to R.I. Gen. Laws § 39-1-27.7.1 and R.I.P.U.C. No. 2073.¹ The RDM reconciliation adjustment factor recovers the RDM reconciliation balance accrued during the prior twelve-month period from April 1 through March 31.² National Grid is authorized to recover, or credit, the RDM reconciliation balance from, or to, ratepayers during the prospective twelve-month period from July 1 through June 30.

In support of its filing, National Grid submitted the Direct Testimony and Schedules of Adam S. Crary, Senior Analyst for Electric Pricing New England in the Regulation and Pricing Department of National Grid USA Service Company, Inc.³ Mr. Crary proposed an RDM reconciliation adjustment factor of \$0.00091/kWh for effect on July 1, 2015.⁴ The proposed RDM reconciliation adjustment factor is designed to reconcile an under-collection of \$7,050,662 for the twelve-month period ending March 31, 2015. In arriving at the under-collection balance, Mr.

¹ Pursuant to the Commission's decision in Docket No. 4206, Order No. 20745 (May 25, 2012), National Grid is required to file an RDM reconciliation adjustment factor with the Commission each year by May 15. All filings in this docket are available at the PUC offices located at 89 Jefferson Boulevard, Warwick, Rhode Island or at <http://www.ripuc.org/eventsactions/docket/4566page.html>.

² The RDM reconciliation balance is the difference between the Company's annual target revenue, which is the Company's revenue requirement approved by the Commission in the most recent base distribution rate case, and actual billed distribution revenue during the previous twelve months. The billed distribution revenue is the total of any and all revenues generated from the Company's base distribution rates, such as customer charges, distribution energy charges, demand charges, high voltage metering, and delivery credits.

³ Crary Direct (May 14, 2015).

⁴ *Id.* at 2.

Crary calculated the difference between the annual target revenue of \$251,173,000 and billed distribution revenue of \$244,327,003 for the RDM reconciliation period.⁵ Interest of \$133,135 and a \$9,342 adjustment for the 2013 RDM reconciliation were included in the calculation.⁶ A balance of \$62,821 from the 2014 RDM Year over-collection of \$141,976 remains to be credited to customers, the residual balance of which as of June 30, 2015, plus interest, will be refunded to or collected from customers as part of next year's proposed RDM Adjustment Factor.⁷

Mr. Crary represented that the primary reason for the under-collection was a 4% decline in kWh sales during the 2015 RDM Year (April 1, 2014 through March 31, 2015) compared with the kWh sales that were used as the basis for the revenue requirement in the most recent base distribution rate case, Docket 4323.⁸ Energy efficiency programs, the weather, the number of days billed, and the variance between Rate Year Forecast and actual Rate Year GWh all contributed to the decline in sales.⁹ Finally, economic factors, such as a sluggish housing market and continued decline in the manufacturing industry, were identified as the likely cause of a negative growth rate for the residential and industrial classes.¹⁰ Mr. Crary reported that a typical residential customer using 500 kWh per month would experience a monthly increase of 0.5% or \$0.48.¹¹

On June 10, 2015, the Division of Public Utilities and Carriers (Division) filed a memorandum recommending approval of National Grid's proposed 2015 RDM Reconciliation Adjustment Factor of \$0.00091/kWh.¹²

⁵ *Id.* at 4.

⁶ *Id.* at 5, 7.

⁷ Crary Direct at 7.

⁸ *Id.* at 6.

⁹ National Grid Response to Comm. Data Request 1-1 (Jun. 11, 2015).

¹⁰ *Id.*

¹¹ Crary Direct at 8.

¹² Division Mem. (June 10, 2015).

At an open meeting held on June 15, 2015, based on the recommendation of the Division, the PUC voted unanimously to approve National Grid's proposed 2015 RDM Reconciliation Adjustment Factor of \$0.00091/kWh for effect on July 1, 2015.

Accordingly, it is

(22455) ORDERED:

The Narragansett Electric Company d/b/a National Grid's proposed 2015 RDM Reconciliation Adjustment Factor of \$0.00091/kWh for effect on July 1, 2015 is approved.

EFFECTIVE AT WARWICK, RHODE ISLAND ON JULY 1, 2015 PURSUANT TO AN OPEN MEETING DECISION HELD ON JUNE 15, 2015. WRITTEN ORDER ISSUED JUNE 28, 2016.

PUBLIC UTILITIES COMMISSION

Margaret E. Curran, Chairperson

Paul J. Roberti, Commissioner*

Herbert F. DeSimone, Jr., Commissioner

*Commissioner Roberti participated in the decision but was unavailable to sign the Order.

NOTICE OF RIGHT OF APPEAL: Pursuant to R.I. Gen. Laws § 39-5-1, any person aggrieved by a decision or order of the PUC may, within seven days from the date of the order, petition the Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or order.