

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

**IN RE: THE NARRAGANSETT ELECTRIC COMPANY :
d/b/a NATIONAL GRID'S FY 2016 ELECTRIC REVENUE : DOCKET NO. 4699
DECOUPLING MECHANISM RECONCILIATION FILING :
FOR THE YEAR ENDING MARCH 31, 2017 :**

ORDER

On May 15, 2017, The Narragansett Electric Company d/b/a National Grid (National Grid or Company) filed its Revenue Decoupling Mechanism (Decoupling) 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 Decoupling reconciliation adjustment factor recovers the Decoupling 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 Decoupling 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 Robin E. Pieri, Senior Analyst for New England Electric Pricing in the Regulation and Pricing Department of National Grid USA Service Company, Inc.³ Ms. Pieri proposed a Decoupling reconciliation adjustment factor of \$0.00118/kWh for effect on July 1, 2017.⁴ The proposed

¹ National Grid's 2017 Electric Revenue Decoupling Mechanism Reconciliation Filing (May 15, 2017) [hereinafter Decoupling Reconciliation Filing]; [http://www.ripuc.org/eventsactions/docket/4699-NGrid-RDM-2017\(5-15-17\).pdf](http://www.ripuc.org/eventsactions/docket/4699-NGrid-RDM-2017(5-15-17).pdf). Pursuant to the Commission's decision in Docket No. 4206, Order No. 20745 (May 25, 2012), National Grid is required to file a Decoupling 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/4617page.html>.

² The Decoupling 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 Test. of Robin E. Pieri at 1 (May 15, 2017).

⁴ *Id.* at 2.

Decoupling reconciliation adjustment factor is designed to reconcile an under-collection of \$8,752,334 for the twelve-month period ending March 31, 2017.⁵

To calculate the Decoupling reconciliation amount, Ms. Pieri deducted the annual target revenue of \$251,173,000 from billed distribution revenue of \$243,794,748 for the Decoupling reconciliation period.⁶ She then made an \$81,593 adjustment for interest that accrued on the balance during the Decoupling Year for a total under-recovery of \$7,797,234.⁷ To the total under-recovery, Ms. Pieri added \$835,087 of net unbilled standard offer service billing adjustments and \$120,013 of interest estimated to accrue during the recovery period for a total of \$8,752,334 to be recovered from ratepayers.⁸ A balance of \$1,464,815 from the 2016 Decoupling Year under-collection of \$6,449,587 remains to be billed to customers, the residual balance of which as of June 30, 2017, plus interest, will be reflected as an adjustment in next year's proposed Decoupling Adjustment Factor.⁹

Ms. Pieri represented that the primary reason for the under-collection was a 5% decline in kWh sales during the 2017 Decoupling Year (April 1, 2016 through March 31, 2017), compared with the kWh sales that were used as the basis for the revenue requirement in the most recent base distribution rate case, Docket No. 4323.¹⁰ Ms. Pieri also testified that the Company performed additional analysis on customer gigawatt-hours (GWh) to identify the reasons for the under-recovery of the annual target revenue for the 2017 Decoupling Year. The greatest variance, according to the Company, was with the industrial customer class, which experienced a 15.8%

⁵ Decoupling Reconciliation Filing, Sch. REP-1 at 1.

⁶ Test. of Pieri at 5-6; Decoupling Reconciliation Filing, Sch. REP-1 at 3, 4. The annual target revenue represents the revenue requirement approved by the PUC in the Company's last general rate case in Docket 4323.

⁷ Test. of Pieri at 7, 10; Decoupling Reconciliation Filing, Sch. REP-1 at 2, 6.

⁸ Test. of Pieri at 9; Decoupling Reconciliation Filing, Sch. REP-1 at 1,5; Sch. REP-2; Sch. REP-3.

⁹ Test. of Pieri at 10; Decoupling Reconciliation Filing, Sch. REP-1 at 7.

¹⁰ Test. of Pieri at 7.

decline in deliveries versus the forecast.¹¹ Ms. Pieri noted that the industrial customer class experienced the greatest decline over the last several years, with last year's decrease at 12.4%.¹² Finally, Ms. Pieri reported that a typical residential customer using 500 kWh per month would experience a monthly increase of \$0.17 or 0.02%.¹³

On June 15, 2017, the Division of Public Utilities and Carriers (Division) filed a memorandum recommending approval of National Grid's proposed 2017 Decoupling Reconciliation Adjustment Factor of \$0.00118/kWh.¹⁴

At an Open Meeting held on June 22, 2017, based on the recommendation of the Division, the PUC voted unanimously to approve National Grid's proposed 2017 Decoupling Reconciliation Adjustment Factor of \$0.00118/kWh for effect on July 1, 2017.

Accordingly, it is hereby

(22845) ORDERED:

The Narragansett Electric Company d/b/a National Grid's proposed 2017 Revenue Decoupling Mechanism Reconciliation Adjustment Factor of \$0.00118/kWh for effect on July 1, 2017 is approved.

¹¹ *Id.* at 8

¹² *Id.* at 8-9.

¹³ *Id.* at 11.

¹⁴ Memorandum of the Division of Public Utilities and Carriers (June 15, 2017); [http://www.ripuc.org/eventsactions/docket/4699-DPU-Memo\(6-16-17\).pdf](http://www.ripuc.org/eventsactions/docket/4699-DPU-Memo(6-16-17).pdf).

EFFECTIVE AT WARWICK, RHODE ISLAND ON JULY 1, 2017 PURSUANT TO AN
OPEN MEETING DECISION HELD ON JUNE 22, 2017. WRITTEN ORDER ISSUED JULY
13, 2017.

PUBLIC UTILITIES COMMISSION



Margaret E. Curran, Chairperson



Herbert F. DeSimone, Commissioner



Marion Gold, Commissioner



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.