



State of Rhode Island
Division of Public
Utilities & Carriers

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June 14, 2018

To: Luly Massaro
Commission Clerk

From: John Bell
Assistant Chief Accountant

Subject: Docket 4824, National Grid Electric's Revenue Decoupling Mechanism Reconciliation Filing, Year Ending March 31, 2018

On May 15, 2018 National Grid ("NGrid", or "Company") filed its Annual Revenue Decoupling Mechanism (RDM) reconciliation for the 12-month period ending March 31, 2018. The filing is submitted in compliance with RIGL 39-1-27.7.1 and pursuant to tariff R.I.P.U.C. No. 2073 which the Public Utilities Commission (PUC) approved in Docket 4206.

Under the Commission approved RDM tariff, the actual billed distribution revenues for the RDM Year, which is the 12-month period ending each March 31st, is compared to the annual target revenues, which is the PUC approved annual distribution revenue requirement from the last general rate case. The difference is the RDM reconciliation amount. This amount (either positive or negative) is refunded or recovered through the RDM adjustment factor. Under the tariff, the Company also includes in its calculation of the RDM factor any remaining balance from the prior periods and interest at the rate paid on customer deposits. In accordance with the Commission's policy decision in Docket 4556, standard offer billing adjustments are also recovered or refunded, as applicable, through the RDM adjustment factor.

The table on the following page summarizes the amounts included in the current filing and the related calculation of the proposed factor:

<u>Ln. No.</u>	<u>Description</u>	<u>Amount</u>
1	RDM FY 2018 Under Recovery	\$ (13,257,923)
2	Beg Bal FY 2018 - Rev not billed due to Meter Error	320,728
3	2016 RDM Remaining Under-Recovery	(219,775)
4	Net Unbilled Standard Offer Billing Adj.	137,654
5	Interest During Under Recovery Period (FY 2018)	(120,714)
6	Est. Interest During Recovery Period	(231,789)
7	Total Under Recovery	\$ (13,371,819)
8	Forecasted Deliveries (Jul 1, 2018 - Jun 30, 2019)	7,259,876,855
9	Proposed RDM Adjustment Factor (Ln. 7 / Ln. 8 *-1)	\$ 0.00184

The above table shows that the total under-recovery being considered in this filing is \$13,371,819 (Line 7) with the majority of this amount comprised of the 2018 RDM Year under-recovery of \$13,257,923 (Line 1). The 2018 RDM amount is the difference between the annual target revenue of \$251,173,000 from the Company's last general base rate case and the billed distribution revenue of \$237,915,077. Schedule REP-1, pg. 4 of 7, included with the Company's filing provides the detail of the billed revenue by type and month. I reviewed this schedule and concluded that the Company included all the appropriate revenue components.

Another item of note is line 2 which relates to the under billing of one customer due to an incorrectly programmed meter. The meter issue was not the result of a customer action. The Company took responsibility for the programming error and elected not to rebill the customer or recovery the underbilling through RDM factor. The company included this adjustment in order to avoid customers being billed the under-recovery through the RDM reconciliation. By including the amount as a beginning balance, the impact of the underbilling is appropriately excluded from the RDM reconciliation.

I verified that the amounts listed on lines 3 through line 6 are properly includable in the RDM reconciliation in accordance with the Commission approved tariff.

Based on the total under-recovery of \$13,371,819 and the projected deliveries for the recovery period, the RDM factor calculates out to \$.00184 per kWh. The proposed factor is an increase from the current factor of \$.00118. The impact to a residential customer consuming 500 kWh's a month will be an increase of \$0.34 or 0.3%.

I reviewed the filing in detail and concluded that NGrid correctly calculated the proposed RDM adjustment factor in accordance with the approved tariff and that the calculations are accurate. I recommend approval of the proposed RDM Adjustment Factor of \$.00184 per kWh as filed.