

**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. 4824
DECOUPLING MECHANISM RECONCILIATION FILING :
FOR THE YEAR ENDING MARCH 31, 2018 :**

ORDER

On May 15, 2018, The Narragansett Electric Company d/b/a National Grid (National Grid or Company) filed its Revenue Decoupling Mechanism Reconciliation with the Public Utilities Commission (Commission or PUC) pursuant to R.I. Gen. Laws § 39-1-27.7.1 and RIPUC No. 2073.¹ The Revenue Decoupling Mechanism Adjustment Factor (Adjustment Factor) recovers the Revenue Decoupling Mechanism Reconciliation balance accrued during the prior twelve-month period from April 1 through March 31 (Reconciliation Year).² National Grid is authorized to recover, or credit, the balance amount 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 an Adjustment Factor of \$0.00184/kWh for effect on July 1, 2018.⁴ The proposed Adjustment Factor is designed

¹ National Grid's 2018 Electric Revenue Decoupling Mechanism Reconciliation Filing (May 15, 2018); <http://www.ripuc.org/eventsactions/docket/4824page.html>. 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/4824page.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 Test. of Robin E. Pieri at 1 (May 15, 2018).

⁴ *Id.* at 2.

to recover an under-collection of \$13,371,819 for the twelve-month period ending March 31, 2018.⁵

To calculate the Revenue Decoupling Mechanism Reconciliation amount, Ms. Pieri deducted the annual target revenue of \$251,173,000 from billed distribution revenue of \$237,915,077 for the reconciliation period.⁶ She then made an \$102,714 adjustment, for interest that accrued on the balance during the Reconciliation Year, and an adjustment of \$219,775, which is the remaining 2016 Reconciliation Year balance, for a total under-recovery of \$13,277,684.⁷ To the total under-recovery, Ms. Pieri added \$137,654 of net unbilled standard offer service billing adjustments and \$231,789 of interest estimated to accrue during the recovery period for a total of \$13,371,819 to be recovered from ratepayers.⁸ A balance of \$1,860,235 from the 2017 Reconciliation Year under-collection of \$8,632,321 remains to be billed to customers, the residual balance of which, as of June 30, 2018, plus interest, will be reflected as an adjustment in next year's proposed Adjustment Factor.⁹

Ms. Pieri represented that the primary reason for the under-collection was a 6.2% decline in kWh sales during the 2018 Year (April 1, 2017 through March 31, 2018) 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-

⁵ RDM Filing, Sch. REP-1 at 1.

⁶ RDM 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; RDM Filing, Sch. REP-1 at 2. The total under-recovery includes \$320,728 of additional revenue that the Company is crediting customers. The amount represents revenue not charged to one large customer due to an incorrectly programed meter which understated usage and, thus, underbilled the customer. The Company did not rebill the customer because the under-reported usage was not the result of customer action. The Company made the adjustment of additional revenue to ensure that all customers are not impacted by having less revenue in this reconciliation. Test. of Pieri at 7.

⁸ Test. of Pieri at 10; RDM Filing, Sch. REP-1 at 1, 5.

⁹ Test. of Pieri at 11; RDM Filing, Sch. REP-1 at 7.

¹⁰ Test. of Pieri at 8.

recovery of the annual target revenue for the 2018 Year. The greatest variance, according to the Company, was with the industrial customer class, which experienced a 19.0% 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 15.8%.¹² Finally, Ms. Pieri reported that for the typical residential customer using 500 kWh per month, the Adjustment Factor would result in a monthly increase of \$0.34 or 0.3%.¹³

On June 14, 2018, the Division of Public Utilities and Carriers (Division) filed a memorandum recommending approval of National Grid's proposed 2018 Revenue Decoupling Mechanism Adjustment Factor of \$0.00184/kWh.¹⁴

At an Open Meeting held on June 28, 2017, based on the recommendation of the Division, the PUC voted unanimously to approve National Grid's proposed 2018 Decoupling Reconciliation Adjustment Factor of \$0.00184/kWh for effect on July 1, 2018.

Accordingly, it is hereby

(23213) ORDERED:

The Narragansett Electric Company d/b/a National Grid's proposed 2018 Revenue Decoupling Mechanism Reconciliation Adjustment Factor of \$0.00184/kWh for effect on July 1, 2018 is approved.

¹¹ *Id.* at 8-9.

¹² *Id.* at 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, 2018 PURSUANT TO AN
OPEN MEETING DECISION ON JUNE 28, 2018. WRITTEN ORDER ISSUED JULY 18, 2018.

PUBLIC UTILITIES COMMISSION

Margaret E. Curran, Chairperson

Marion S. Gold, Commissioner

Abigail Anthony, 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.

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