



State of Rhode Island
Division of Public
Utilities & Carriers

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Memorandum

To: L. Massaro
Commission Clerk

From: Al Contente
Division of Public Utilities & Carriers

Date: 6/7/2019

Re: National Grid – Residential Assistance Recovery Filing: Docket 4950

On May 15, 2019 Narragansett Electric Company d/b/a National Grid (“National Grid” or “Company”) filed with the Commission its Residential Assistance Recovery Filing which included the proposed Arrearage Management Adjustment Factor (AMAF) pursuant to the Company’s Arrearage Management Program (AMP), and the Low Income Discount Recovery Factor (LIDRF) both of which are covered by the Company’s Residential Assistance Provision (RAP) pursuant to RIPUC Tariff Provision No. 2216, approved by the Rhode Island Public Utilities Commission (RIPUC) in Docket 4913.

The filing consisted of a cover letter and included direct testimony of Robin E. Pieri with the following attachments:

- Schedule REP-1-- Arrearage Management Adjustment Factor and Calculations of Recoverable Arrearage Management Forgiveness Amount
- Schedule REP-2 -- Reconciliation of Recovery of CY 2017 AMP Forgiveness, July 1, 2019 through Present

- Schedule REP-3 -- Calculation of Estimated Low Income Discount, Low Income Discount Recovery Factor, and Effective Discount Percentage Calculation
- Schedule REP-4 -- Reconciliation of Low Income Discount and Recovery, For the Period September 1, 2018 through Present
- Schedule REP-5 -- Typical Bills

On June 24, 2016, the Henry Shelton Act was amended which established an arrearage program for low-income electric and gas residential ratepayers. Subsequently, National Grid added an Arrearage Management Program (AMP) provision and made related changes to its current electric and gas tariffs to incorporate the amendments of the Henry Shelton Act. The AMP provision also included an Arrearage Management Adjustment Factor for National Grid to recover incremental costs associated with the AMP.

Arrearage Management Adjustment Factor

The proposed AMAF is designed to recover the total amount of arrearages forgiven by the Company from customers that have defaulted or opted out of their AMP payment plan and the total amount of arrearages forgiven by the Company from customers that have successfully completed their AMP payment plan. The arrearages forgiven by the Company from unsuccessful payment plans are 100% recoverable while arrearages forgiven by the Company from successful payment plans are only recoverable if the Company experienced more than the total allowable bad debt for that calendar year.

The Company calculated the total allowable bad debt, compared that to the actual value of bad debt and concluded that they were not entitled to directly recover any of the \$238,225 encumbered via successful participation in the arrearage forgiveness plan.

The total recoverable arrearage forgiveness amount due to unsuccessful participation for calendar year 2018 was calculated at \$707,859 consists of the following:

Recoverable AMP Forgiveness (defaulted)	\$ 606,225
Recoverable AMP Forgiveness (cancelled)	<u>\$ 101,634</u>
 Total Recoverable Arrearage Forgiveness Amount	 \$ 707,859
Forecasted July 1, 2019 – June 30, 2020 kWh Deliveries	7,078,046,498
 Proposed Arrearage Management Factor	 \$ 0.00010

The proposed AMAF of \$0.00010 is computed by dividing the total recoverable arrearage forgiveness amount by the forecasted kWh deliveries for the period July 1, 2019 through June 1, 2020. ($\$707,859 / 7,078,046,498 \text{ kWh} = \0.00010) (The current AMAF is .00002).

Low-Income Discount Recovery Factor

The proposed Low-Income Discount Recovery Factor (LIDRF) is designed to recover the effective discount rate associated with the A-60 customer class. This proposed rate of \$0.00152 is calculated by estimating customers' bills on the A-60 rate and multiplying this amount by the effective discount rate of 25.3%, which is based upon actual low-income discounts at the 25% and 30% levels for the month of September 2018 through April 2019. The total estimated discount is \$10,507,816, which is then divided by the forecasted kWh's for all customer classes with the exception of the A-60 class from July 2019 through June 2020.

The LIDRF reconciliation through April 2019 shows an estimated under-recovery of \$520,860. The actual LIDRF over or under-recovery at June 30, 2019 will be reconciled through next year's proposed factor.

The impact of the proposed AMAF and LIDRF on a typical residential customer using 500 kWh per month is an increase of \$0.04, or 0.00%.

Recommendation

The Division has reviewed National Grid's Residential Assistance Recovery Filing and concluded that the Company's AMAF and LIDRF calculations are correct and recommends approval of the proposed AMAF of \$0.00010 and LIDRF of \$0.00152 as filed pursuant to RIPUC No. 2171 and 2216, approved by the RIPUC in Docket 4651 and 4770 respectively as part of the Company's Residential Assistance Provision (RAP).