



## STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

### DIVISION OF PUBLIC UTILITIES & CARRIERS

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# Memorandum

**To: L. Massaro**  
**Commission Clerk**

**From: Al Contente**  
**Division of Public Utilities & Carriers**

**Date: 6/10/2020**

**Re: National Grid – Residential Assistance Recovery Filing: Docket 5031**

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On May 15, 2020 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 Adam S. Crary with the following attachments:

- Schedule ASC-1-- Arrearage Management Adjustment Factor and Calculations of Recoverable Arrearage Management Forgiveness Amount
- Schedule ASC-2 -- Reconciliation of Recovery of CY 2017 AMP Forgiveness, July 1, 2018 through June 2019, and status of Reconciliation of Recovery of CY 2018 AMP Forgiveness, July 1, 2019 through Present

- Schedule ASC-3 -- Calculation of Estimated Low-Income Discount, Low Income Discount Recovery Factor, and Effective Discount Percentage Calculation
- Schedule ASC-4 -- Reconciliation of Low-Income Discount and Recovery, For the Period September 1, 2018 through Present
- Schedule ASC-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 under the tariff, 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 for Calendar Year 2019 to be \$13,579,677, while the actual bad debt was \$14,696,601. Since the actual bad debt exceeds the allowance, the Company is allowed under the tariff to recover 100% of the arrearages forgiven related to customers that successfully completed their AMP payment Plan.

The total recoverable arrearage forgiveness amount for calendar year 2019 includes the following:

Recoverable AMP Forgiveness (defaulted)	\$ 557,317
Recoverable AMP Forgiveness (cancelled)	<u>\$ 99,961</u>
<b>Recoverable Arrearage Forgiveness Amount</b>	<b>\$ 657,178</b>
Recoverable due to Successful AMP Participation	\$ 445,084
Under-Recovered from Prior Period ending June 30, 2019	<u>\$ 11,002</u>
<b>Total Recoverable Arrearage Forgiveness Amount</b>	<b><u>\$ 1,113,264</u></b>
Forecasted July 1, 2020 – June 30, 2021 kWh Deliveries	6,995,385,617
Proposed Arrearage Management Factor	\$ 0.00015

The proposed AMAF of \$0.00015 is computed by dividing the total recoverable arrearage forgiveness amount by the forecasted kWh deliveries for the period July 1, 2020 through June 1, 2021. The proposed factor is a slight increase from the current AMAF of \$0.00010.

## **Low-Income Discount Recovery Factor**

The proposed Low-Income Discount Recovery Factor (LIDRF) is designed to recover the lost revenue as a result of the effective discount rate associated with the A-60 customer class and the under or over-collection from the 12-month period ending June 30, 2019.

The proposed rate of \$0.00176 was calculated by estimating customers' bills on the A-60 rate and multiplying that amount by the effective discount rate of 25.5%, which is based upon actual low-income discounts at the 25% and 30% levels for the month of May 2019 through April 2020. The total estimated discount including the \$565,720 under-collection for the 12-month period ending June 30, 2019 is \$12,011,420. That total is then divided by the forecasted kWh's for all customer classes with the exception of the A-60 class from July 2020 through June 2021.

The LIDRF reconciliation through April 2019 shows an estimated under-recovery of \$565,720. 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 \$0.16, or 0.1%.

## **Recommendation**

After careful review of National Grid's Residential Assistance Recovery Filing, the Division finds that the Company's AMAF and LIDRF calculations are correct and recommends approval of the proposed AMAF of \$0.00015 and LIDRF of \$0.00176 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).