

State of Rhode Island

Public Utilities Commission

Minutes of Open Meeting Held on October 26, 2021

An Open Meeting of the Public Utilities Commission (Commission or PUC) was held on Tuesday, October 26, 2021 at 10:00 A.M. in Hearing Room A, 89 Jefferson Boulevard, Warwick, Rhode Island to discuss, deliberate, and/or vote on the following dockets.

In attendance: Chairman Ronald Gerwatowski, Commissioner Abigail Anthony, Commissioner John Revens, Patricia Lucarelli, Todd Bianco, Alan Nault and Luly Massaro.

- I. Charmain Gerwatowski called the Open Meeting to order at 10:02 A.M. A quorum was present.
- II. **Docket No. 5180 - The Narragansett Electric Co. d/b/a National Grid** - This docket relates to the PUC's review of National Grid's annual Gas Cost Recovery (GCR) Filing submitted September 1, 2021 and subsequently revised September 10, 2021. The GCR filing reflects customer-specific factors necessary for the company to recover the projected gas costs allocated to firm sales customers for the period November 1, 2021 through October 31, 2022. The Company requested the rate changes go into effect November 1, 2021; and

Docket No. 5165 - The Narragansett Electric Co. d/b/a National Grid – This docket relates to the PUC's review of National Grid's annual Distribution Adjustment Charge (DAC) Filing submitted on August 2, 2021, supplemented September 1, 2021, and revised September 10, 2021. The DAC provides for the funding and reconciliation of costs associated with the Company's identifiable specific programs. The Company requested the rate changes go into effect November 1, 2021.

These two dockets relate to natural gas rates for this coming winter. The timing of these filing is at time when natural gas prices in the market have been rapidly rising from both global and domestic markets forces that are beyond our control in Rhode Island. Fortunately, the procurement plan being followed by the Company, insulates ratepayers from short term jumps in the market. Over time the increase in natural gas prices may catch up to us in future winter if they don't abate. As submitted by the Company, the combined impacts of both the DAC and GCR factor is a 6.8% annual increase to a typical residential heating customer. The combined increase would have been smaller but there was a \$15 million costs that was deferred last year due to economic concern associated with COVID.

Chairman Gerwatowski summarized the various components of the DAC and GCR and moved to approve the following factors:

DAC Factors

1. A System Pressure factor of \$0.0165 per therm.

2. An Environmental Response Cost factor of \$0.0016 per therm.
3. A Pension and Post-Retirement Benefits other than Pensions factor of \$0.0112 per therm.
4. An Arrearage Management Adjustment factor of \$0.0005 per therm.
5. A Revenue Decoupling Adjustment factor of \$0.0000 per therm.
6. The various ISR reconciliation factors and component as set forth in Appendix A.
7. A Service Quality Performance factor of (\$0.0001) per therm.
8. Reconciliation factors of \$0.0015 per therm for Residential and Small and Medium C&I customers and \$0.0011 per therm for Large and Extra-Large C&I customers.
9. A Revenue Decoupling Mechanism (RDM) Reconciliation factor for 2021 of \$0.0018 per therm.
10. An Earning Sharing Mechanism factor of \$0.0000 per therm.
11. A Low-Income Discount Recovery factor of \$0.0180 per therm.
12. A Storm Net Revenue factor of (\$0.0004) per therm.

GCR Factors

13. A High Load Factor of \$0.5413 per therm.
14. A Low Load Factor of \$0.6137 per therm.
15. Gas Marketer Transportation factors of:
 - a. \$11.8772 per Dth/Mth for FT-2 Firm Transportation Marketer Gas Charge and
 - b. \$0.9323 per Dth for Storage and Peaking Charge

Commissioner Revens seconded the motion. The motion to approve the various DAC and GCR factors was unanimously approved. **Vote 3-0.**

Other Issues Not Relating to Rate Increase

16. Chairman Gerwatowski moved that in subsequent DAC filings, National Grid shall determine a blended percentage of eligibility based on historical data and use that percentage in the calculation to determine the Low-Income Discount

Recovery factor. Commissioner Anthony seconded the motion. The motion was unanimously passed. **Vote 3-0.**

17. Chairman Gerwatowski moved that National Grid's request for incentive of \$20,648 for the Gas Procurement Incentive Plan, for the period April 1, 2020 through March 31, 2021 is approved. Commissioner Anthony seconded the motion. The motion was unanimously passed. **Vote 3-0.**
18. Chairman Gerwatowski moved that National Grid's request for incentive of \$1,004,353 for the Natural Gas Portfolio Management Plan, for the period April 1, 2020 through March 31, 2021 is approved. Commissioner Anthony seconded the motion. The motion was unanimously passed. **Vote 3-0.**
19. Chairman Gerwatowski moved to approve the BTU factor of 1.030 per ccf. Commissioner Revens seconded the motion. The motion was unanimously passed. **Vote 3-0.**
20. Chairman Gerwatowski moved that National Grid shall work with the Division to continue to monitor the advance hedge purchases to determine if any changes are necessary and to ensure the Company will accelerate gas purchases when gas prices are low. Commissioner Revens seconded the motion. The motion was unanimously passed. **Vote 3-0.**
21. Chairman Gerwatowski moved that National Grid shall revisit the Everett 20,000 Dth per day arrangement when the contract expires to determine whether the costs associated with meeting peak requirements should be included in the DAC and if so, include those costs in the 2022 DAC filing. Commissioner Anthony seconded the motion. The motion was unanimously passed. **Vote 3-0.**
22. Chairman Gerwatowski moved that National Grid continue to track variable costs incurred in meeting peak hour requirements and report those costs in the 2022 DAC and if significant, allocate them from the GCR to the DAC. Commissioner Revens seconded the motion. The motion was unanimously passed. **Vote 3-0.**
23. Chairman Gerwatowski moved that in each subsequent DAC and GCR filing, National Grid shall include a 1-page schedule comparing the Total Combined Increase of DAC/GCR, as approved for the previous year, compared to the updated as filed increase for the current year. Commissioner Anthony seconded the motion. The motion was unanimously passed. **Vote 3-0.**
24. Chairman Gerwatowski moved that the Advanced Gas Technology factor specified in sections 1.0, 2.0, and 3.2 of the Company's DAC is cancelled and the Company is instructed to file an amended tariff reflecting the removal of the pertinent provisions. The cancellation is without prejudice to the Company making a filing in the future to implement new provisions, provided it can meet the evidentiary burden of showing how the implementation of any new proposed program is consistent with the goals of the Act on Climate and not

duplicative of any demand response programs that are being implemented through the Company's energy efficiency programs. Commissioner Anthony seconded the motion. The motion was unanimously passed. **Vote 3-0.**

- III. There being no further business to discuss, the Open Meeting adjourned at 10:25 A.M.