

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID'S REVENUE DECOUPLING  
MECHANISM RECONCILIATION FILING FOR  
YEAR ENDING MARCH 31, 2013

DOCKET NO. 4411

ORDER

WHEREAS, on May 15, 2013, Narragansett Electric Company, d/b/a National Grid ("National Grid" or "Company") filed its proposed revenue decoupling mechanism ("RDM") adjustment factor for the 12 month period ending March 31, 2013; and,

WHEREAS, the proposed RDM adjustment factor for the period ending March 31, 2013 is a credit of \$0.00044 per kWh and, consistent with Commission Order No. 20745, would be applied uniformly to the distribution rates of all customers during the period July 1, 2013 through June 30, 2014; and,

WHEREAS, the proposed RDM adjustment factor is a reconciliation factor which compares actual billed distribution revenues during the period April 1, 2012 through March 31, 2013 to the annual target revenue ("ATR") or revenue requirement established in the most recent base distribution rate case; and,

WHEREAS, the proposed ATR is based on the revenue requirement approved in Docket 4065 or \$230,771,000. This revenue requirement was adjusted three times, pursuant to Commission Order No. 20745, to reflect three changes that occurred in the revenue requirement during the 2013 RDM year. The Company adjusted the revenue requirement for Vegetation Management ("VM") and Inspection and Maintenance ("I&M") costs of \$6,549,368 which were previously recovered in base rates but which are presently recovered through the Company's annual Infrastructure, Safety and Reliability ("ISR") Plan. The Company further adjusted the

ATR by \$3,195,027 to reflect the increase in revenue requirement resulting from the revised capital structure approved in Docket 4065 for effect on April 23, 2012.<sup>1</sup> The ATR was adjusted finally to reflect the revenue requirement of \$251,173,000 approved by the Commission for effect on February 1, 2013 (Docket 4323); and,

WHEREAS, the final adjusted ATR used in the calculation of the RDM adjustment factor was \$230,960,412;<sup>2</sup> and,

WHEREAS, the Company used annual billed distribution revenues of \$234,088,246 to calculate the RDM adjustment factor.<sup>3</sup> The Company subtracted the FY 2013 billed distribution revenues of \$234,088,246 from the FY 2013 ATR of \$230,960,412 which resulted in an over collection of \$3,127,834; and,

WHEREAS, the Company added interest during FY 2013 of \$42,200 and a 2011 Service Quality Penalty of \$184,000 to the over collection of \$3,127,834 for a total over collection of \$3,397,140.<sup>4</sup> The Company divided this over collection by the forecasted kilowatt-hour deliveries for the period July 1, 2013 through June 30, 2014 (7,634,597,128 kWh deliveries) and arrived at a per kilowatt-hour RDM adjustment credit factor of (\$0.00044);<sup>5</sup> and,

WHEREAS, the Company's calculation of the 2013 RDM adjustment factor is consistent with R.I.G.L. §39-1-27.7.1(c) and Commission Order 20745; and,

WHEREAS, the monthly bill impact of the proposed credit factor of (\$0.00044) is a reduction of \$0.15 for a typical residential customer consuming 500 kWh per month;<sup>6</sup> and,

---

<sup>1</sup> This revised capital structure was in effect from April 23, 2012 through January 31, 2013. The capital structure was revised again in the next base distribution rate case (Docket 4323) and effective February 1, 2013.

<sup>2</sup> Testimony of Nancy Ribot, NR-1, p.1, 2.

<sup>3</sup> Testimony of Nancy Ribot, p.7, NR-1, p.1.

<sup>4</sup> Testimony of Nancy Ribot, p. 8; NR-1, p.1. The rate of interest paid on customer deposits during the 2013 RDM year is 1.80%. NR-1, p.7.

<sup>5</sup> Id.

<sup>6</sup> Testimony of Nancy Ribot, p.9; NR-5, p.1.

WHEREAS, the Division of Public Utilities and Carrier filed a memorandum on June 11, 2013 stating that the Company's 2013 RDM filing was calculated correctly in accordance with Commission Order 20745; and,

WHEREAS, the Commission reviewed the Company's proposed 2013 RDM adjustment factor and approved the same at an Open Meeting held on June 28, 2013.

ACCORDINGLY, it is

(21092) ORDERED:

1. The Narragansett Electric Company, d/b/a National Grid's proposed revenue decoupling mechanism ("RDM") adjustment factor of (\$0.00044) per kWh is hereby approved for effect on July 1, 2013 through June 30, 2014.

EFFECTIVE AT WARWICK, RHODE ISLAND ON JUNE 28, 2013 PURSUANT TO AN OPEN MEETING HELD ON JUNE 28, 2013. WRITTEN ORDER ISSUED JULY 2, 2013.

PUBLIC UTILITIES COMMISSION



\_\_\_\_\_  
\*Elia Germani, Chairman

  
\_\_\_\_\_  
Mary E. Bray, Commissioner

  
\_\_\_\_\_  
Paul J. Roberti, Commissioner

\*Chairman Germani concurs but is unavailable for signature.