



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

PUBLIC UTILITIES COMMISSION
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Chairperson Margaret E. Curran
Commissioner Paul J. Roberti
Commissioner Herbert F. DeSimone, Jr.

MEMORANDUM

To: Stakeholders
From: Cynthia Wilson-Frias, Deputy Chief of Legal Services
Date: January 16, 2015
Re: Docket No. 4545 – Review of Electric Rate Issues in Anticipation of 2015 Rate Design Review

The Public Utilities Commission (PUC) is required to open a docket on or after July 1, 2015 to “consider rate design and distribution cost allocation among rate classes in light of net metering and the changing distribution system that is expected to include more distributed-energy resources, including, but not limited to, distributed generation.” (R.I. Gen. Laws § 39-24.6-24).

On January 8, 2015, PUC staff met with previously identified stakeholders to begin a discussion of the scope of review and process. The stakeholders present included representatives of Acadia Center, Conservation Law Foundation (CLF), Division of Public Utilities and Carriers (Division), National Grid, New England Clean Energy Council (NECEC), and Office of Energy Resources (OER). Legal Counsel to certain renewable energy developers was also present.

At the meeting, The Energy Council of Rhode Island (TEC-RI) was identified as an organization with a stakeholder interest.

A docket has been opened for the administrative purposes of maintaining records and providing public access. The purpose is to gather information and research in anticipation of the rate design case that will be opened on or after July 1, 2015. The PUC does not anticipate issuing any orders out of this docket. The docket may be accessed on the PUC’s website at: <http://www.ripuc.org/eventsactions/docket/4545page.html>.

A meeting is scheduled on January 22, 2015 from 1:00 p.m. in Hearing Room A at the Public Utilities Commission, 89 Jefferson Boulevard, Warwick, RI, for a presentation by National Grid for a presentation by National Grid to provide an overview of the rates charged to all distribution customers, irrespective of their energy supplier. The meeting will not focus on the transmission, transition or standard offer service (energy) rates. Along with the Commissioners and PUC staff, previously identified stakeholders, Acadia Center, Conservation Law Foundation, the Division of Public Utilities and Carriers, National Grid, New England Clean Energy Council, the Office of

Energy Resources, The Energy Council of Rhode Island, and legal counsel to certain renewable energy developers, Seth Handy, Esq., may participate in questions and discussion during the presentation. There will be ongoing opportunities for additional stakeholders to be identified. Oral public comment will be taken following the conclusion of the presentation within time parameters to be defined by the PUC.

The relevant section of the law is copied below:

R.I. Gen. Laws § 39-26.6-24(a) On or after July 1, 2015, the commission shall open a docket to consider rate design and distribution cost allocation among rate classes in light of net metering and the changing distribution system that is expected to include more distributed-energy resources, including, but not limited to, distributed generation. The commission will determine the appropriate cost responsibility and contributions to the operation, maintenance, and investment in the distribution system that is relied upon by all customers, including, without limitation, non-net metered and net-metered customers. In that docket, the commission shall require the electric-distribution company to file a revenue-neutral allocated cost of service study for all rate classes and a proposal for new rates for all customers in each rate class. The electric-distribution company shall use the distribution revenue requirement upon which the then-current distribution rates were set. The electric-distribution company may use the allocated cost of service that was filed with the compliance filing from the rate case when the then-current distribution rates were set. The commission may also address the rate design for the equitable recovery of costs associated with energy efficiency and any renewable-energy programs that are recovered in rates.

(b) In establishing any new rates the commission may deem appropriate, the commission shall take into account and balance the following factors:

- (1) The benefits of distributed-energy resources;
- (2) The distribution services being provided to net-metered customers when the distributed generation is not producing electricity;
- (3) Simplicity, understandability, and transparency of rates to all customers, including non-net metered and net-metered customers;
- (4) Equitable ratemaking principles regarding the allocation of the costs of the distribution system;
- (5) Cost causation principles;
- (6) The general assembly's legislative purposes in creating the distributed-generation growth program; and
- (7) Any other factors the commission deems relevant and appropriate in establishing a fair rate structure. The rates shall be designed for each proposed rate class in accordance with industry-standard, cost; allocation principles. The commission may consider any reasonable rate design

options, including without limitation, fixed charges, minimum-monthly charges, demand charges, volumetric charges, or any combination thereof, with the purpose of assuring recovery of costs fairly across all rate classes.