

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: REVIEW OF THE NARRAGANSETT :
ELECTRIC COMPANY d/b/a NATIONAL GRID : DOCKET NO. 4568
RATE DESIGN PURSUANT TO R.I. GEN. LAWS § 39-26.6-24 :

ORDER

In accordance with R.I. Gen. Laws § 39-26.6-24, on July 1, 2015, the Public Utilities Commission (PUC) opened a docket to consider rate design and distribution cost allocation among rate classes in light of net metering and the changing distribution system. The distribution system is expected to include more distributed-energy resources, including, but not limited to, distributed generation.¹ In this docket, the PUC directed The Narragansett Electric Company d/b/a National Grid (National Grid or Company) to file a revenue-neutral rate design for all rate classes and a proposal for new rates for all customers in each rate class. National Grid made such a filing on July 31, 2015. In it, the Company proposed an increase to the customer charges and a new access fee for standalone distributed generation facilities.²

On January 15, 2016, after discovery, technical record sessions, and filings by the Division of Public Utilities and Carriers (Division) and the intervenors, all of which opposed the major components of National Grid's proposal, National Grid filed an Unopposed Motion to Withdraw Filing.³ At an Open Meeting conducted on January 19, 2016, the PUC approved National Grid's Motion.

¹ The docket containing all filings may be accessed at: <http://www.ripuc.org/eventsactions/docket/4568page.html>. R.I. Gen. Laws § 39-26.6-24 can be accessed at: <http://webserver.rilin.state.ri.us/Statutes/TITLE39/39-26.6/39-26.6-24.HTM>.

² National Grid's filing may be accessed at: http://www.ripuc.org/eventsactions/docket/4568-NGrid-Testimony-Book1_%207-31-15.pdf.

³ In addition to the Division, an indispensable party to PUC proceedings, the PUC allowed intervention by fourteen parties: Conservation Law Foundation; the Rhode Island Office of Energy Resources; Acadia Center; the Rhode Island Energy Efficiency Resources Management Council; Wal-Mart Stores East, LP and Sam's East, Inc.; Northeast Clean Energy Council; Green Development, LLC dba Wind Energy Development, LLC; The Alliance for Solar Choice; Department of the Navy; Energy Development Partners, LLC; Narragansett Bay Commission; Hecate

In approving National Grid's Motion, the PUC found that the requirements of the statute had been met. The PUC opened a docket to review rate design and National Grid filed a revenue neutral cost of service case with a new proposed rate design. The PUC's approval of National Grid's Unopposed Motion to Withdraw constitutes a PUC determination in this matter. The PUC noted that the statute states that "[a]ny new rates shall take effect for usage on and after April 1, 2016." This language does not require that new rates be approved. It simply sets forth the earliest allowed effective date. Therefore, a decision not to set new rates is authorized by the statute. The law also provides that the PUC "may approve changes to the rate design in any future distribution-base rate cases when a fully allocated embedded cost of service study is being reviewed in the rate case". Therefore, nothing prohibits the PUC from a further review of rate design in future cases. In fact, the law anticipates that the PUC will apply these rate design principles in the future.

The PUC went on to address whether the current rates need to be changed in order to be just and reasonable. As noted by National Grid in its Motion to Withdraw Filing, the electric distribution rates that are currently in effect were determined by the PUC in Docket No. 4323 to be just and reasonable. They were found to reflect the appropriate cost responsibility and contributions to the operation, maintenance, and investment in the distribution system relied upon by all customers. Such rates need not be revised at this time.⁴ In support of this finding, the PUC noted that despite the fact that none of the filings nor the discovery is yet evidence, the filings appear to support the fact that for the rate year, the period April 2016 through March 2017, there will not be a substantial change to the distribution system that would reflect a significant enough cost shift to require a change in cost allocation at this time.

Energy LLC; CME Energy; and Forbes Street Solar LLC. While the parties did not all provide testimony on the same issues, none of the parties supported National Grid's July 31, 2015 proposals.

⁴ Unopposed Motion to Withdraw Filing at 1. http://www.ripuc.org/eventsactions/docket/4568-NGrid-Withdraw_1-1-5-16.pdf.

However, as noted above, the statute and parties anticipate a changing distribution system that will present issues that may require redesigned rates. The PUC's next impetus to redesign the rates likely will be in the next full rate case filed by National Grid. A rate case is a complicated, resource intensive proceeding, and would be further complicated by hearing entirely new arguments on rate design as required by the statute. Stakeholders would likely benefit from continuing in a process that addresses issues presented by the changing distribution system, outside of a future rate case, The Company, in its unopposed motion, stated support for further discussion of the issues raised in this docket

Weighing options to support a continued discussion on these issues, to inform expectations in a future rate case, the PUC voted to open a new docket to investigate the changing distribution system and corresponding appropriate rate design options. The docket will be structured as a stakeholder working group under the auspices of the PUC and will build on the information and learning involved in the current docket. By mandating a revenue-neutral distribution rate design docket, separate and apart from a full rate case, the statute created the opportunity for all of the parties involved in the changing distribution system to start considering issues in an organized way and also provide a good foundation for moving forward with setting of all electric rates. The PUC, in opening this docket, apart and independent of a full, future rate case continues with that policy.

Accordingly, it is hereby

(22465) ORDERED:

The Narragansett Electric Company d/b/a National Grid Unopposed Motion to Withdraw Filing, removing from consideration the rate design proposal for new electric distribution rates designed to be revenue neutral to National Grid filed on July 31, 2015, is hereby approved.

EFFECTIVE AT WARWICK, RHODE ISLAND ON JANUARY 19, 2016 PURSUANT
TO AN OPEN MEETING DECISION. WRITTEN ORDER ISSUED JULY 6, 2016.

PUBLIC UTILITIES COMMISSION



Margaret E. Curran

Margaret E. Curran, Chairperson

*Paul J. Roberti, Commissioner

Herbert F. DeSimone, Jr.

Herbert F. DeSimone, Jr., Commissioner

Commissioner Roberti concurs with the decision but is unavailable for signature.

NOTICE OF RIGHT OF APPEAL: Pursuant to R.I. Gen. Laws § 39-5-1, any person aggrieved by a decision or order of the PUC may, within seven days from the date of the order, petition the Rhode Island Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or order.