

# Consolidation of Rate G-32 and Rate G-62

Presentation on Behalf of the Federal Executive Agencies  
at the  
Rhode Island Public Utilities Commission  
Technical Record Session in  
Docket No. 4568  
Warwick, Rhode Island  
November 18, 2015

# Overview

- The Commission should reject the consolidation of Rate G-32 and Rate G-62
- The consolidation proposal is inconsistent with the goals of Rhode Island General Laws Section 39-26.6-24 (“The Act”)
- Consolidation will create an adverse rate impact on the Navy
- Commission previously rejected a similar proposal



# Inconsistency with Policy Goals

- The Act requires the Commission to evaluate distribution rate design in anticipation of the inclusion of more DG on NG's system
- Concern is that DG installation could lead to under-recovery of fixed costs if such fixed costs are recovered through per kWh energy charges
- This concern is primarily related to residential and small commercial classes
  - No cost recovery through demand charges

# Inconsistency with Policy Goals

- Larger classes such as Rate G-62 already have demand charges
- Can address DG by shifting some cost recovery from per kWh to per kW charges within existing rate classes
  - No need to consolidate classes
- Rate G-62 currently has no per kWh distribution charge
- Conclusion
  - Rate class consolidation does not advance the goals of the Act
  - Rate class consolidation for Rate G-62 runs counter to the Act by introducing a new per kWh energy charge

# Cost Impacts to the Navy

- NG initially estimated the rate increase to the Navy at \$306 K annually (2.8%)
  - Rate G-62 demand charge increases from \$2.99 per kW- month to \$4.50 per kW-month
- NG subsequently revised its calculated rate increase to \$84 K annually (0.8%)
  - Distribution rate increase in isolation is still high -- \$348 K annually
  - Reduced rate impact is due to application of current Rate G-32 non-distribution charges without explanation or justification

# Cost Impacts to the Navy

- Rate increase severely impacts the Navy due to severe budget constraints and the budget sequester
  - Navy has already been forced to significantly reduce spending on facilities and base operations
- Detrimental customer rate impacts are a legitimate rate design concern
  - Similar class consolidation proposal was considered and rejected by the Commission in Docket No. 4065

# Conclusion

- The Commission should reject the consolidation of Rate G-32 and Rate G-62
- Consolidation is not an appropriate topic for this proceeding and does not further the goals of the Act
- If needed, the Commission can reevaluate class consolidation in a full rate case proceeding using fresh cost data



Questions ?