

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION**

**IN RE: THE NARRAGANSETT ELECTRIC COMPANY :  
d/b/a NATIONAL GRID'S FY 2015 ELECTRIC REVENUE : DOCKET NO. 4617  
DECOUPLING MECHANISM RECONCILIATION FILING :**

**ORDER**

On May 12, 2016, The Narragansett Electric Company d/b/a National Grid (National Grid or Company) filed its Revenue Decoupling Mechanism (Decoupling) adjustment factor with the Public Utilities Commission (Commission or PUC) pursuant to R.I. Gen. Laws § 39-1-27.7.1 and R.I.P.U.C. No. 2073.<sup>1</sup> The Decoupling reconciliation adjustment factor recovers the Decoupling reconciliation balance accrued during the prior twelve-month period from April 1 through March 31.<sup>2</sup> National Grid is authorized to recover, or credit, the Decoupling reconciliation balance from, or to, ratepayers during the prospective twelve-month period from July 1 through June 30.

In support of its filing, National Grid submitted the Direct Testimony and Schedules of Robin E. Pieri, Senior Analyst for Electric Pricing New England in the Regulation and Pricing Department of National Grid USA Service Company, Inc.<sup>3</sup> Ms. Pieri proposed a Decoupling reconciliation adjustment factor of \$0.00085/kWh for effect on July 1, 2016.<sup>4</sup> The proposed Decoupling reconciliation adjustment factor is designed to reconcile an under-collection of \$6,553,999 for the twelve-month period ending March 31, 2016.<sup>5</sup>

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<sup>1</sup> Pursuant to the Commission's decision in Docket No. 4206, Order No. 20745 (May 25, 2012), National Grid is required to file a Decoupling reconciliation adjustment factor with the Commission each year by May 15. All filings in this docket are available at the PUC offices located at 89 Jefferson Boulevard, Warwick, Rhode Island or at <http://www.ripuc.org/eventsactions/docket/4617page.html>.

<sup>2</sup> The Decoupling reconciliation balance is the difference between the Company's annual target revenue, which is the Company's revenue requirement approved by the Commission in the most recent base distribution rate case, and actual billed distribution revenue during the previous twelve months. The billed distribution revenue is the total of any and all revenues generated from the Company's base distribution rates, such as customer charges, distribution energy charges, demand charges, high voltage metering, and delivery credits.

<sup>3</sup> Pieri Direct (May 12, 2016).

<sup>4</sup> *Id.* at 2.

<sup>5</sup> *Id.* at 7.

To calculate the Decoupling reconciliation amount, Ms. Pieri deducted the annual target revenue of \$251,173,000 from billed distribution revenue of \$244,507,420 for the Decoupling reconciliation period.<sup>6</sup> She then made a \$49,020 adjustment for the remaining balance of the 2014 Decoupling reconciliation and an \$82,928 adjustment for interest that accrued on the balance during the Decoupling Year for a total under-recovery of \$6,699,487.<sup>7</sup> From the total under-recovery, Ms. Pieri deducted \$65,901 of net unbilled standard offer service billing adjustments and a \$184,000 Service Quality Penalty and then added (\$104,413) of interest estimated to accrue during the recovery period for a total of \$6,553,999 to be recovered from ratepayers.<sup>8</sup> A balance of \$1,668,741 from the 2015 Decoupling Year under-collection of \$6,917,527 remains to be billed to customers, the residual balance of which as of June 30, 2016, plus interest, will be reflected as an adjustment in next year's proposed Decoupling Adjustment Factor.<sup>9</sup>

Ms. Pieri represented that the primary reason for the under-collection was a 3% decline in kWh sales during the 2016 Decoupling Year (April 1, 2015 through March 31, 2016), compared with the kWh sales that were used as the basis for the revenue requirement in the most recent base distribution rate case, Docket No. 4323.<sup>10</sup> Plant closings by four customers, energy efficiency programs, number of days billed, growth, and the variance between Rate Year Forecast and actual Rate Year GWh also all contributed to the decline in sales.<sup>11</sup> Ms Pieri reported that a typical residential customer using 500 kWh per month would experience a monthly decrease of \$0.03.<sup>12</sup>

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<sup>6</sup> *Id.* at 5-6.

<sup>7</sup> *Id.* at 7, 10, Sch. REP-1 at 2, 6.

<sup>8</sup> *Id.* at 9, Sch. REP-1 at 1,5, Sch. REP-2, Sch. REP-3 .

<sup>9</sup> *Id.* at 9-10.

<sup>10</sup> *Id.* at 7.

<sup>11</sup> *Id.* at 8-9.

<sup>12</sup> *Id.* at 11.

On June 20, 2016, the Division of Public Utilities and Carriers (Division) filed a memorandum recommending approval of National Grid's proposed 2016 Decoupling Reconciliation Adjustment Factor of \$0.00085/kWh.<sup>13</sup>

At an open meeting held on June 27, 2016, based on the recommendation of the Division, the PUC voted unanimously to approve National Grid's proposed 2016 Decoupling Reconciliation Adjustment Factor of \$0.00085/kWh for effect on July 1, 2016.

Accordingly, it is hereby

(22475) ORDERED:

The Narragansett Electric Company d/b/a National Grid's proposed 2016 Revenue Decoupling Mechanism Reconciliation Adjustment Factor of \$0.00085/kWh for effect on July 1, 2016 is approved.

EFFECTIVE AT WARWICK, RHODE ISLAND ON JULY 1, 2016 PURSUANT TO AN OPEN MEETING DECISION HELD ON JUNE 27, 2016. WRITTEN ORDER ISSUED JULY 12, 2016.

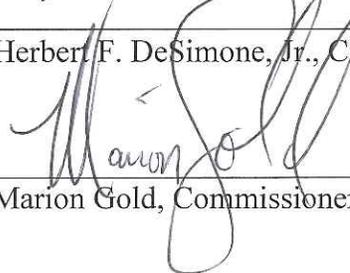
PUBLIC UTILITIES COMMISSION



Margaret E. Curran, Chairperson



Herbert F. DeSimone, Jr., Commissioner



Marion Gold, Commissioner



<sup>13</sup> Division Mem. (June 20, 2016).

**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 Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or order.