STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS PUBLIC UTILITIES COMMISSION

IN RE: THE NARRAGANSETT ELECTRIC :

COMPANY d/b/a NATIONAL GRID : DOCKET NOS. 4637

FY 2016 ELECTRIC PENSION :

ADJUSTMENT FACTOR :

ORDER

On August 1, 2016, The Narragansett Electric Company d/b/a National Grid (National Grid or Company) filed its proposed electric Pension Adjustment Factor (Factor) with the Public Utilities Commission (Commission or PUC). In support of its filing, National Grid submitted the Direct and Supplemental Testimony and Schedules of William R. Richer, Director of Revenue Requirements, Rhode Island, for National Grid USA Service Company, Inc. Mr. Richer proposed a Factor of \$0.00091/kWh for effect on October 1, 2016.

Mr. Richer explained how the pension and post-retirement benefits other than pensions (Benefits) expenses are reconciled.⁴ He noted that in the event the Company does not fund its pension or benefits plans at a Minimum Funding Obligation level, which equals the amount billed to customers plus the amounts of capitalized pension and benefits costs, it will incur a carrying charge. The Company owed \$101,848 of carrying charges to customers this year because the post-

¹ Pursuant to the Commission's decision in Docket No. 4323, Order No. 21011 (Apr. 11, 2013) and R.I.P.U.C. 2119, National Grid is authorized to reconcile its actual pension and post-retirement benefits other than pensions expenses annually for the twelve-month period ending March 31. The difference between the Company's actual expense and the allowance included in base distribution rates is either charged or credited to electric retail delivery customers on a uniform per kWh basis. 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/4637page.html.

² Richer Direct at 1 (Aug. 1, 2016); Richer Supplemental at 1 (Aug. 3, 2016).

³ Richer Supplemental at 3, Revised Sch. WRR-2.

⁴ Richer Direct at 4.

retirement benefits other than pensions' liability was under-funded during the twelve months ending March 2016.⁵ Mr. Richer provided that the reconciliation revealed a total under-recovery of \$7,013,770.⁶ Mr. Richer divided the under-recovery by the 7,633,940,149 forecasted kWhs for the period October 1, 2016 through September 30, 2017 to arrive at the \$0.00091/kWh proposed Factor.⁷

On September 22, 2016, the Division of Public Utilities and Carriers (Division) filed a memorandum recommending approval of National Grid's proposed \$0.00091/kWh Factor for effect October 1, 2016.⁸

At an Open Meeting held on September 29, 2016, based on the recommendation of the Division, the PUC voted unanimously to approve National Grid's proposed 2016 Pension Adjustment Factor of \$0.00091/kWh for effect on October 1, 2016.

Accordingly, it is hereby

(22572) <u>ORDERED</u>:

The Narragansett Electric Company d/b/a National Grid's proposed 2016 Pension Adjustment Factor of \$0.00091/kWh for effect on October 1, 2016 is approved.

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⁵ *Id.* at 5, Sch. WRR-2; Richer Supplemental at 2, Revised Sch. WRR-1.

⁶ Richer Supplemental at 3, Revised Sch. WRR-2.

⁷ Richer Supplemental at 3, Revised Sch. WRR-2.

⁸ Division Mem. (Sept. 22, 2016).

EFFECTIVE AT WARWICK, RHODE ISLAND ON OCTOBER 1, 2016 PURSUANT TO AN OPEN MEETING DECISION HELD ON SEPTEMBER 29, 2016. WRITTEN ORDER ISSUED OCTOBER 13, 2016.

PUBLIC UTILITIES COMMISSION



Margaret E. Curran, Chairperson

Herbert F. DeSimone Ir., Commissioner

Marion S. Gold, Commissioner

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.