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Memorandum

To: L. Massaro
Commission Clerk

From: Alberico Mancini
Division of Public Utilities & Carriers

Date: 6/14/2018

Re: Narragansett Electric-Arrearage Management Program Filing: Docket 4651

On May 15, 2018 Narragansett Electric Company d/b/a National Grid (“National Grid” or “Company”) filed with the Commission its Arrearage Management Adjustment Factor (AMAF) filing pursuant to the Company’s Arrearage Management Program (AMP) Provision, RIPUC No. 2171, approved by the Public Utilities Commission in Docket 4651.

Included in the filing are the following:

- Direct Testimony of Robin E. Pieri.
- Calculation of the Recoverable Arrearage Management Forgiveness Amount.
- Arrearage Management Adjustment Factor Calculation.
- Typical Bill Analysis.
- Marked-up version of revised AMP provision.
- Clean version of revised AMP provision.

On June 24, 2016, the Henry Shelton Act was amended which established an arrearage program for low-income electric and gas residential ratepayers. Subsequently, National Grid added an Arrearage Management Program (AMP) provision and made related changes to its current

electric and gas tariffs to incorporate the amendments of the Henry Shelton Act. The AMP provision also included an Arrearage Management Adjustment Factor for National Grid to recover incremental costs associated with the AMP. National Grid is now proposing its first AMAF since the AMP provision was approved by the Commission at its open meeting on March 21, 2017, written order issued 10/16/17.

The proposed AMAF is designed to recover the total amount of arrearages forgiven by the Company from customers that have defaulted or opted out of their AMP payment plan and the total amount of arrearages forgiven by the Company from customers that have successfully completed their AMP payment plan. The arrearages forgiven by the Company from unsuccessful payment plans are 100% recoverable while arrearages forgiven by the Company from successful payment plans are only recoverable if the Company experienced more than the total allowable bad debt for that calendar year.

The Company is proposing to revise the AMP Provision regarding the calculation of the total allowable bad debt by including the Renewable Energy Growth Program Cost Recovery (RE Growth) and the Long Term Contracting Renewable Energy Recovery (LTCRER) in the calculation. Not including these adjustments would result in the understatement of the total allowable bad debt for the calendar year.

The total allowable bad debt for calendar year 2017 was calculated as follows:

Rate Year Base Distribution Rates	\$ 3,302,735
Calendar Year Commodity Rates	\$ 3,540,262
Calendar Year Transmission Rates	\$ 2,493,267
Calendar Year Energy Efficiency Program Factor	\$ 1,021,773
Calendar Year LTCRER Factor	\$ 501,396
Calendar Year RE Growth Factor	<u>\$ 43,521</u>
Total Allowable Bad Debt	\$ 10,902,954
The Company's Actual Bad Debt for Calendar Year 2017	\$ 10,980,398
Actual Above Allowable Bad Debt	\$ 77,444

As illustrated above, the Company's actual bad debt for calendar year 2017 was exceeded by \$77,444. Therefore, the Company can recover 100% of all arrearages forgiven from successful payment plans as well as unsuccessful payment plans within the AMP.

The Company's total arrearage forgiveness amount is \$169,048 which consists of the following:

Recoverable AMP Forgiveness (Unsuccessful Participants)	\$ 126,694
Recoverable AMP Forgiveness (Successful Participants)	<u>\$ 42,354</u>
Total Recoverable Arrearage Forgiveness Amount	\$ 169,048

Forecasted July 1, 2018 – June 30, 2019 kWh Deliveries	7,259,876,855
Proposed Arrearage Management Factor	\$ 0.00002

The proposed AMAF of \$0.00002 is computed by dividing the total recoverable arrearage forgiveness amount by the forecasted kWh deliveries for the period July 1, 2018 through June 1, 2019. ($\$169,048 / 7,259,876,855 \text{ kWh} = \0.00002). The impact of the proposed AMAF on a typical residential customer using 500 kWh per month is an increase of \$0.01.

The Division has reviewed National Grid's AMAF filing and concluded that the Company's AMAF calculations are correct and recommends approval of the proposed AMAF of \$0.00002 and revised AMP Provision as filed pursuant to the Company's Arrearage Management Program (AMP) Provision, RIPUC No. 2171, approved by the Public Utilities Commission in Docket 4651.