

Division of Public Utilities and Carriers

Memorandum

To: Luly Massaro
Commission Clerk

December 12, 2017

From: Patricia Smith 
Division of Public Utilities and Carriers

Subject: RIPUC Docket 4762 Pascoag Utility District's 2018 Annual Reconciliation Rate Filing

On November 3, 2017, the Pascoag Utility District ("Pascoag" or "Company") filed with the Commission its year end Standard Offer Service, Transmission and Transition Charge status report and reconciliation which included nine months of actual data for January through September of 2017 and forecast data through the balance of 2017. Included in the filing was testimony of Mike Kirkwood and Harle Round of Pascoag. In addition to providing a reconciliation, the filing sought a change in the various adjustment charges as follows:

November 3, 2017 Proposal

Factor	Current	Proposed on 11/03/17	Difference	Effect @ 500 kWh's
SOS	\$0.05850	\$0.07059	0.012092	\$6.04
Transition	\$0.01023	\$0.00029	(0.09935)	(\$4.96)
Transmission	\$0.03200	\$0.02974	(0.002260)	(\$1.13)
PPRFC	(\$0.00667)	(\$0.00467)	0.00198	\$0.999
Total	\$0.09406	\$0.095954	\$0.001894	\$0.94

As discussed in the testimonies of Mike Kirkwood and Harle Round, Pascoag's cash flow was more than adequate to meet all their purchase power obligations this year. Pascoag had an accumulated over collection in its adjustment clause accounts of \$144,395 through September of 2017 and a projected balance as of the end of December of \$173,365. In its filing, Pascoag rolled the projected over collection balance into the calculation of the proposed 2018 factors.

The Purchased Power Restricted Fund (PPRF) is funded through monthly deposits related to distribution revenues from Daniele Prosciutto International (DPI). This is in accordance with a settlement approved by the PUC in rate case docket 4341. The balance in the PPRF was \$684,216 at the end of October 2017 and is expected to have a balance of \$650,469 by year end. In Docket 4584, Pascoag received permission to increase the target balance in this account to \$550,000. In its filing, Pascoag proposed to flow back \$266,167 to customers in 2018 to bring the balance closer to the target level of \$550,000.

Below is a comparison of Pascoag's power supply contracts in 2017 to the forecast for 2018. In 2018, TransCanada has been replaced with a three year contract (2018-2020) with PSEG and there are two other additions to the 2018 Power Entitlements, Canton Wind and NextEra hedge.

Pascoag's Power Contracts Portfolio:

Supply	Year 2017	Year 2018
NYPA	20%	17%
Miller(Brown Bear)	3%	2%
Spruce Mountain	3%	3%
Seabrook	18%	17%
NextEra RISE	10%	9%
TransCanada	46%	—
NextEra hedge	—	7%
PSEG Load Follow	—	43%
Canton Wind	—	2%
Total	100%	100%

On December 1, 2017, Pascoag filed an update that included data through October 31, 2017. Based on the updated data, Pascoag modified its proposal, for effect January 1, 2018, as follows:

December 1, 2017

Factor	Current	Proposed On 12/1/17	Difference	Effect @ 500 kWh's
SOS	\$0.05850	\$0.07166	\$0.01316	\$6.58
Transition	\$0.01023	\$0.00040	(\$0.00983)	(\$4.92)
Transmission	\$0.03200	\$0.02973	(\$0.00227)	(\$1.14)
PPRFC	(\$0.00667)	(\$0.00469)	\$0.00198	\$ 0.99
Total	\$0.09406	\$0.09710	\$0.00304	\$1.52

The Division reviewed the filing of Pascoag, including the testimony, calculations and invoices submitted to the PUC as well as the addendum filing which includes the actual for the month of October 2017.

The addendum to the filing reduces the over collection from \$173,365 to \$126,952 a reduction of \$46,413. Based on our review, we concluded that the updated proposed rates are reasonable and correctly calculated. The Division recommends the proposed rates be approved for usage on and after January 1, 2018. If approved, a 500 kWh residential customer of Pascoag will experience an increase of \$1.52 or 2.1% in their monthly bill, which will increase from \$73.79 to \$75.31.