

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

IN RE: THE NARRAGANSETT ELECTRIC COMPANY :
d/b/a NATIONAL GRID – ELECTRIC AND GAS : **DOCKET NO. 4770**
DISTRIBUTION RATE FILING :

IN RE: THE NARRAGANSETT ELECTRIC COMPANY :
d/b/a NATIONAL GRID PROPOSED POWER SECTOR :
TRANSFORMATION VISION AND IMPLEMENTATION : **DOCKET NO. 4780**
PLAN :

**ORDER
(Rate Year 3)**

At an Open Meeting held on August 24, 2018, the Public Utilities Commission (PUC) reviewed and approved an Amended Settlement Agreement that provided for three years of revenues for The Narragansett Electric Company d/b/a National Grid (National Grid or Company). The PUC approved the revenue requirement and rate design set forth in the Amended Settlement Agreement for effect on September 1, 2018 (Rate Year 1). As part of the decision, it also approved the gas revenue requirements set forth in the Amended Settlement Agreement for effect September 1, 2019 and September 1, 2020. The electric revenue requirements for those effective dates were subject to additional compliance filings on June 1, 2019 and June 1, 2020, respectively. On August 8, 2019, the PUC approved the compliance filing made on May 31, 2019 (Rate Year 2).¹

On June 1, 2020, Narragansett Electric filed with the PUC its Electric Base Distribution Rates for Rate Year 3 Compliance Filing together with joint testimony and schedules of Melissa Little and Robin Pieri. The Company set forth an increase in the revenue requirement of \$2.4 million for Narragansett Electric plus another \$1.9 million for Power Sector Transformation expense in Rate Year 3. The combined \$4.3 million increase resulted in a base rate revenue

¹ Order No. 23823 (May 5, 2020); [http://www.ripuc.ri.gov/eventsactions/docket/4770-4780-NGrid-Ord23823%20\(5-5-20\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/4770-4780-NGrid-Ord23823%20(5-5-20).pdf).

requirement of \$297,272,846, plus Power Sector Transformation revenue requirement of \$10,568,340, for a combined total electric revenue requirement of \$307,841,186.^{2,3} The June 1, 2020 filing reflected the Rate Year 3 revenue requirement approved by the Commission on August 24, 2018.⁴

On July 28, 2020, the Division filed a memorandum from John Bell, Chief Accountant, indicating that he had reviewed the filing and recommended the PUC find that it was in compliance with the PUC's decision approving the Amended Settlement Agreement and adjusted deferred income tax order.⁵ No other party filed testimony or memoranda. On August 20, 2020 the PUC reviewed the filings and approved the Rate Year 3 revenue requirement as filed, finding it to be in compliance with prior PUC orders.

Accordingly, it is hereby

(23889) ORDERED:

1. The Narragansett Electric Company d/b/a National Grid's Electric Base Distribution Rates for Rate Year 3 Compliance Filing made on June 1, 2020 are hereby approved for effect on September 1, 2020.
2. The parties shall comply with all other findings and instructions contained in this Report and Order and in the Amended Settlement.

² Little and Pieri Test. at Sch. 1, 5, 6; [http://www.ripuc.ri.gov/eventsactions/docket/4770-NGrid-Rate%20Year%203-Compliance%20\(6-1-2020\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/4770-NGrid-Rate%20Year%203-Compliance%20(6-1-2020).pdf).

³ Little and Pieri Jt. Test. at 6-8. Similar to the testimony provided in the Rate Year 2 compliance filing, the witnesses explained a PUC ruling on the Company's March 1, 2019 excess adjusted deferred income tax true-up compliance filing changed the revenue requirements for Narragansett Electric for the three-year rate plan. This was reflected in the Company's Second Compliance Filing. However, the change in each rate year's revenue requirement was too small to warrant a change in base distribution rates at that time. Therefore, the PUC allowed the Company to reflect the updated revenue requirements that included the excess adjusted deferred income tax differential to be reflected in Narragansett Electric's annual revenue decoupling mechanism reconciliation filings. This was done through an adjustment to the amount of the Annual Target Revenue for the applicable period.

⁴ *Id.* at 8.

⁵ Bell Mem. (July 28, 2020); <http://www.ripuc.ri.gov/eventsactions/docket/4770-DPU%20Memo%20re%20Rate%20Year%203%20Compliance%207-28-20.pdf>.

3. The Narragansett Electric Company d/b/a National Grid shall continue to file all periodic reporting requirements previously ordered in Docket Nos. 2930, 3617, and 4243 unless otherwise previously superseded.

EFFECTIVE AT WARWICK, RHODE ISLAND ON SEPTEMBER 1, 2020 PURSUANT TO AN OPEN MEETING DECISION ON AUGUST 20, 2020. WRITTEN ORDER ISSUED AUGUST 25, 2020.

PUBLIC UTILITIES COMMISSION



Ronald T. Gerwatowski, Chairperson



Marion S. Gold, Commissioner



Abigail Anthony, 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 7 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.