



State of Rhode Island
Division of Public
Utilities & Carriers

Accounting Section
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Memo To: Luly Massaro, Commission Clerk

From: John Bell, Chief Accountant

Date: September 13, 2019

Subject: Electric Infrastructure, Safety, and Reliability Plan FY 2019 Reconciliation,
Docket No. 4783

The Narragansett Electric Company d/b/a National Grid (“NGrid” or “the Company”) filed its Fiscal Year 2019 Infrastructure, Safety, and Reliability (ISR) Plan Reconciliation for fiscal year 2019 on August 1, 2019. Calculations supporting the revenue requirements associated with the vegetation management, inspection & maintenance, and qualifying capital investment components are included in the electric ISR Reconciliation.

NGrid’s filing shows an under recovery of the capital investment (CapEx) component of the revenue requirements of \$3,402,155 and a \$591,410 over recovery of operation and maintenance expenses for a net under recovery of \$2,810,745. The current CapEx reconciliation factor for residential customers is (\$0.00055) and is proposed to increase to \$0.00071. The current operation and maintenance expense reconciliation factor for residential customers is (\$0.00002) and is proposed to decrease to (\$0.00008). The combined impact of these changes on a typical residential customer using 500 kWhs per month is an increase of \$0.63 per month.

The filing explains that the \$3,402,155 under recovery of the CapEx component of revenue requirements was driven by an overall variance of \$25.9 million between the FY 2019 ISR annual forecast and the actuals. The non-discretionary category variance was \$9.2 million. The increase was due to more customer-driven work, storm related plant, and increased transformer purchases. The discretionary category variance was \$16.7 million and reflects the timing of plant additions.

Plant additions are only added to the revenue requirements calculation when the project becomes used and useful so the timing of significant additions such as substations may impact over or under recoveries in the CapEx component in a particular year. The Division issued a set of data requests on September 12, 2019, seeking additional information related to the capital spending variances. The Division reserves its right to address any issues that may arise as the result of our review of the responses to the data requests in the Company's subsequent ISR filing.

The Division reviewed the calculations included in the filing and did not note any exceptions in its review and analysis of the Company's reconciliation of its Fiscal Year 2019 ISR revenue requirements. The Division recommends approval of the Company's ISR reconciliation rates for effect October 1, 2019.