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October 25, 2018

Via Electronic Mail and First Class Mail

Luly E. Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, Rhode Island 02888

Re: Docket No. 4808 – In re: Review of the Narragansett Electric Company d/b/a National Grid's Revenue Requirement Under R.I. Gen. Laws § 39-3-11 in Light of the Tax Cuts & Jobs Act

Dear Ms. Massaro:

Enclosed for filing in the above-referenced matter are ten (10) copies of The Narragansett Electric Company d/b/a National Grid's Initial Brief.

Thank you for your attention to this matter.

Very truly yours,

Adam M. Ramos

AMR:cw
Enclosures

cc: Docket 4808 Service List

58176597 (57972.*)

Docket No. 4808 – National Grid – Impact of Tax Cut and Jobs Act on Revenue Requirement

Service List updated 8/31/18

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STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
BEFORE THE PUBLIC UTILITIES COMMISSION

IN RE: REVIEW OF THE NARRAGANSETT ELECTRIC COMPANY d/b/a NATIONAL GRID'S REVENUE REQUIREMENT UNDER R.I. GEN. LAWS § 39-3-11 IN LIGHT OF THE TAX CUTS & JOBS ACT	)	Docket No. 4808

THE NARRAGANSETT ELECTRIC COMPANY D/B/A
NATIONAL GRID'S INITIAL BRIEF

The Company[1] submits its initial brief addressing the question set forth in the Second Procedural Schedule dated September 14, 2018. The Rhode Island Public Utilities Commission (PUC) asked the Company to "address the legal authority of the Public Utilities Commission to order refunds of any amount associated with the reduction of the federal corporate income tax for the period January 2018 through August 31, 2018." Sept. 14, 2018 Second Procedural Schedule. The PUC lacks the legal authority to order any such refunds for three reasons.

First, established case law prohibits retroactive ratemaking. The Company is required to charge the rates approved by the PUC, and customers are required to pay the rates set by the PUC until the PUC approves new rates. It is settled ratemaking policy that rate changes are prospective – not retrospective. Changes in circumstances do not warrant reaching back to prior periods and altering the rates previously charged and paid. Only in the rarest and most unusual circumstances has the Rhode Island Supreme Court recognized an exception to this rule. None of those circumstances exists here. Simply put, the rule against retroactive ratemaking prohibits the PUC from ordering the Company to transfer any cost savings resulting from the Tax Cuts and Jobs Act of 2017, Pub. L. No. 115-97, 131 Stat. 2054, (the Tax Act) back to customers.

[1] The Narragansett Electric Company d/b/a National Grid (the Company).

Second, the PUC cannot adjust rates based upon a single cost component. The PUC recently completed a general distribution rate case that addressed the impact of the Tax Act going forward, in conjunction with a comprehensive review of all of the Company's test year expenses and revenues, including proforma adjustments to the Company's future expense levels. Any attempt to retroactively adjust rates set in a prior rate proceeding based on the impact of the Tax Act, without considering all the factors relevant to setting rates, would undermine the rate-setting process and unfairly disadvantage the Company by focusing solely on one cost-savings factor and ignoring numerous, potentially countervailing cost-increase factors. A one-factor true-up violates bedrock legal precedent that forms the foundation of the established prospective rate-making policy.

Third, the filed-rate doctrine mandates that Rhode Island utilities charge only the rates approved and on file with the PUC and prohibits retroactive ratemaking. Here, an order from the PUC to disgorge revenue from the Company solely because the Tax Act resulted in unanticipated savings to the Company would be improper. The Company has charged customers in accordance with the rates approved by the PUC. Any order by the PUC to reach back in time to alter those tariffed rates would violate the filed-rate doctrine. It also would open the door to a never-ending cycle of cost-adjustment dockets. If the PUC could reach backward to alter tariffed rates to account for unanticipated savings, then it could equally reach backward at the request of utilities to recover higher-than-forecasted costs. Such a structure would undermine the ratemaking process.

For each of these reasons, the PUC lacks authority to order refunds relating to the Tax Act.

I. PROCEDURAL BACKGROUND

The Tax Act became effective January 1, 2018 and reduced the federal corporate income tax rate from thirty-five percent to twenty-one percent. On March 12, 2018, the PUC commenced this proceeding to explore the reduction of then-current rates to account for the effect of the tax cuts "on the revenue requirement for calendar year 2018."[2] The PUC noted that, "[o]n February 2, 2018, the Massachusetts Department of Public Utilities (DPU) ordered the National Grid companies, in addition to others, by May 1, 2018, to, as of January 1, 2018, (1) account for as a regulatory liability any revenues associated with the difference between the previous and current federal corporate income tax rates and excess accumulated deferred income taxes resulting from the lower federal corporate income tax rates and (2) submit a proposal to revise rates consistent with the directives contained herein."[3] Order Opening Investigation 1. The PUC requested that the Company "provide Rhode Island-specific information, consistent with the DPU Order" or explain "why the [PUC] should not require the information expected." *Id.*

On March 22, 2018, the Company responded to the PUC's Order Opening the Investigation by noting that it had provided or would provide the requested information in the Company's general rate case in Docket No. 4770. On April 24, 2018, the PUC issued its First Set of Data Requests in this docket (Docket No. 4808); the Company responded on April 24, 2018. The requests sought information regarding only the impact of the reduction in the federal tax rate on the Company's revenue requirement and related calculations. These requests did not

[2] *Memorandum*, Review of The Narragansett Electric Company d/b/a National Grid's revenue requirement under R.I. Gen. Laws § 39-3-11 in light of The Tax Cuts & Jobs Act, Dkt. No. 4808 (Mar. 12, 2018) [hereinafter the Order Opening Investigation].
[3] Citing D.P.U. 18-15, Investigation by the Department of Public Utilities, on its own Motion, into the Effect of the Reduction in Federal Income Tax Rates on the Rates Charged by Electric, Gas, and Water Companies (Feb. 2, 2018).

seek any information regarding (1) changes to other significant operating expenses or (2) the Company's current earnings levels. Nor did the PUC hold an evidentiary hearing. In its responses, the Company raised its concern that a retroactive reduction in rates would violate the "fundamental rule of ratemaking that rates are set only prospectively." May 1, 2018 Responses to PUC Data Requests – Set 1, PUC 1-5, page 2.

On July 23, 2018, the Rhode Island Office of Energy Resources (OER) intervened in this docket. The Lieutenant Governor filed an unopposed motion to intervene on July 24, 2018.

The PUC issued a Procedural Schedule on July 23, 2018, which required the "filing of a joint proposal by the parties to address the effect of the Tax Cuts & Jobs Act for the period January 1, 2018 through August 31, 2018." Pursuant to that Procedural Schedule, the Company filed an update regarding the parties' progress on a joint proposal to address the Tax Act. The Company informed the PUC that it continued to negotiate a joint proposal with the Division, OER, and Lieutenant Governor, but had not reached an agreement. The Company requested that the PUC allow the parties additional time to continue settlement discussions and schedule a status conference for mid-September.

The PUC held a pre-hearing conference on September 13, 2018 and set a briefing schedule on the question of the PUC's authority to order refunds in connection with the Tax Act.[4] The resulting Second Procedural Schedule set the following deadlines: (1) the Company's brief due October 25, 2018; (2) briefs of the Division, OER, and Intervenors due November 29, 2018; and (3) the Company's reply brief due December 13, 2018.

[4] "The briefing question topic is to address the legal authority of the Public Utilities Commission to order refunds of any amount associated with the reduction of the federal corporate income tax for the period January 2018 through August 31, 2018." Second Procedural Schedule, Review of The Narragansett Electric Company d/b/a National Grid's revenue requirement under R.I. Gen. Laws § 39-3-11 in light of The Tax Cuts & Jobs Act, Dkt. No. 4808 (Sept. 14, 2018).

II. ARGUMENT

The Company has a legal obligation to charge customers for gas and electric services at the rates approved by the PUC. The Company has no discretion to charge a different rate. The prohibition against retroactive ratemaking and the filed-rate doctrine both prohibit the PUC from ordering refunds relating to the Tax Act. The prohibition on single-issue ratemaking also restricts the PUC's authority to adjust rates based on a change in one component of the Company's rates. These rules all spring from the fundamental principle and settled ratemaking policy that the PUC sets rates prospectively, not retrospectively.

When it sets rates, the PUC analyzes the reasonableness of the projections of the Company's costs at the time. Those projections include the tax rate that will apply to the Company. During the time the rates are in effect, the Company's actual costs vary from the projections that formed the basis of the rates. Some costs go up; some costs go down. The prohibition against single-issue ratemaking recognizes the fundamental unfairness of looking at a single variable in the complex web of variables that comprise rates. Even a large change in one variable does not create a reason to disregard this venerable rule. Further, it is always possible that one or more countervailing variables moved in the opposite direction and offset the change.

The PUC has put mechanisms in place to protect against overearning by the Company. If the Company exceeds its allowed return on equity, the PUC-approved earnings sharing mechanism is activated, and the Company shares a percentage of the additional earnings with customers. Moreover, the PUC just completed a comprehensive general rate case, which accounted for the impacts of the Tax Act on a prospective basis with the new rates that went into effect on September 1, 2018. There is no legal authority for the PUC to order sharing of Tax Act cost reductions with customers for the period from January 1, 2018 through September 1, 2018.

A. The PUC Lacks Authority to Order Retroactive Refunds.

Settled law establishes that the PUC has no legal authority to set base distribution rates retroactively or require a refund of previously approved base distribution rates. *See Narragansett Elec. Co. v. Burke*, 404 A.2d 821, 827 (R.I. 1979) ("In Rhode Island, . . . it is well settled that rates are exclusively prospective in nature and that future rates may not be designed to recoup past losses."); *see also In re Providence Water Supply Bd.'s Application to Change Rate Schedules*, 989 A.2d 110, 112 (R.I. 2010) (affirming PUC's denial of request for revenue increase based on retirees' health care costs); *Providence Gas Co. v. Burke*, 475 A.2d 193, 197 (R.I. 1984) ("One of the central principles of ratemaking is that rates must be prospective."); *Roberts v. Providence Water Supply Bd.*, 455 A.2d 316, 317 (R.I. 1983) (affirming PUC's decision not to investigate certain of utility's fund transfers "because it declined to engage in retroactive ratemaking"); *New Eng. Tel. & Tel. Co. v. Kennelly*, 80 A.2d 891, 895 (R.I. 1951) ("We are of the opinion that the decisions of rate-making bodies are essentially predictions into the future."); *Fitchburg Gas & Elec. Light Co. v. Dep't of Telecomm. & Energy*, 801 N.E.2d 220, 230 (Mass. 2004) ("It is well established that the Department may not order retroactive adjustments (either up or down) of a [distribution] company's base rate."); *Bos. Edison Co. v. Dep't Pub. Utils.*, 375 N.E.2d 305, 312 (Mass. 1978) ("[A] rate increase may not be awarded retroactively as a matter of law.").

The prohibition against retroactive ratemaking serves important policy goals established by the General Assembly, including predictability, efficiency, and rate stability. *See* R.I. Gen. Laws § 39-1-1 (promoting "adequate, efficient and economical energy" and reasonable rates). Fixing a utility's rates based upon historical costs provides incentive for utilities to operate efficiently within the established rates and revenues based on its cost of service. *See*

Narragansett Elec. Co. v. Burke, 415 A.2d 177, 178 (R.I. 1980) (rule against retroactive ratemaking "prevents the company from employing future rates as a means of ensuring the investments of its stockholders"). Because the rule barring retroactive rate adjustments applies equally to cost increases or decreases, it also provides predictability and rate stability for consumers and investors. *Id.* (rule against retroactive ratemaking "protects the public by ensuring that present consumers will not be required to pay for past deficits of the company in their future payments"). This time-honored process matches current costs with current customers.

This prohibition aligns with the stringent procedures in place to regulate the rates proposed by the Company and approved by the PUC. The Company cannot unilaterally change rates to account for cost increases. Instead, it must initiate a full general rate case and submit to a public hearing and investigation by the PUC to determine "the propriety of the proposed change or changes." R.I. Gen. Laws § 39-3-11(a). That change, if granted, applies only prospectively. The Company cannot recoup losses that may arise during the period between the filing of a general rate case and a determination by the PUC of proper adjustments to the base distribution rates. *See Bristol Cnty. Water Co. v. Harsch*, 386 A.2d 1103, 1108 (R.I. 1978) (prohibition on retroactive ratemaking applies "despite the fact that the company's loss might be attributable to the inevitable result of a regulatory lag."). Further, the Company cannot apply to the PUC on a whim for a change in base distribution rates. It must live with the rates "for a reasonable length of time in the future," until they "prove so unremunerative as to be confiscatory." *Kennelly*, 80 A.2d at 895.

Customers also have protections from unexpected cost decreases. For example, the PUC rate orders regularly incorporate earnings sharing mechanisms. These mechanisms provide that,

if the Company exceeds its allowed return on equity in any calendar year, any excess becomes shared earnings with customers. The mechanism operates on a sliding scale: as the percentage excess increases, the percentage of shared earnings credited to customers increases until it reaches 100 percent.

The prohibition against retroactive ratemaking applies here. The Company adhered to the statutory requirements for requesting base distribution rate increases, and the PUC fully evaluated the propriety of those increases. Adherence to these procedures and the prohibition against retroactive ratemaking provide predictability and stability to consumers, investors, the Company, and the public. Permitting adjustments to base distribution rates, whether up or down, in response to legislative or political change would create unwarranted uncertainty and hamstring the Company's ability to anticipate and collect its reasonable operating costs and reasonable rate of return.

Further, the narrow "emergency exception" to the prohibition against retroactive ratemaking developed by the Rhode Island Supreme Court does not apply here. *See Blackstone Valley Elec. Co. v. Pub. Utils. Comm'n*, 542 A.2d 242, 245 (R.I. 1988). Under this emergency exception, the Supreme Court has permitted utilities to recover certain limited "unforeseeable and extraordinary expenses." *See Blackstone Valley Elec. Co.*, 542 A.2d at 254 (permitting recovery where coal supplier did not realize for a year that moisture problem had decreased the energy value of coal sold to utility); *Providence Gas Co.*, 475 A.2d at 198 (permitting recovery of unpredictable *supplemental* tax surcharge assessed by the city resulting from the city's "dire financial straits" and resulting inability to secure loans); *Narragansett Elec. Co.*, 415 A.2d at 179 (permitting recovery of "highly extraordinary" utility costs resulting from "crippling" and "freakish" ice storm). In each case, the Supreme Court explained that permitting the exception

would not undermine the two core justifications for the prohibition on retroactive rate making. Instead, the court found that the events were extraordinary and unlikely to recur and that recovery of the expenses was necessary for the utility to provide adequate service. *Blackstone Valley Elec.*, 542 A.2d at 245; *Providence Gas Co.*, 475 A.2d at 198; *Narragansett Elec. Co.*, 415 A.2d at 179. For example, in *Narragansett Electric Co.*, the Supreme Court explained that utility officials could not have anticipated the "widespread damage" that occurred as a result of the "unpredictable and severe nature of the storm" and that existing rates did not include "the extraordinary expenses of restoration of service after the ice storm." *Narragansett Elec. Co.*, 415 A.2d at 179. In *Providence Gas Co.*, the Supreme Court permitted the utility to recover a one-time *supplemental* tax surcharge assessed by the city to burnish its credit worthiness during a financial crisis. *Providence Gas Co.*, 475 A.2d at 198 (emphasis in original). The court specifically distinguished this "impossible to foresee" tax surcharge from the "necessary" and routine tax predictions a utility must make in proposing future base rates. *Id.* Tax rate predictions necessarily made in the ordinary course of setting rates do not warrant an exception to the ordinary prohibition on retroactive ratemaking. *See id.*

The change in the corporate tax rate brought about by the Tax Act does not constitute an extraordinary circumstance justifying departure from the ordinary rule. Although the *size* of the revenue change may be substantial, the *nature* of the change falls within the ordinary parameters of ratemaking. The Company and PUC must routinely make predictions about expenses to be incurred in the future, including predictions about taxes. *See New Eng. Tel. & Tel. Co.*, 80 A.2d at 895 (ratemaking decisions "are essentially predictions into the future."); *Providence Gas Co.*, 475 A.2d at 198 ("The company, in establishing its rates for 1981, necessarily had to predict the tax rate for 1980."). That the prediction deviated from actuality does not justify departure from

the rule, or the exception would obliterate the rule entirely. The PUC must therefore adhere to the prohibition on retroactive ratemaking.

Further, the exception established by Gen. Laws § 39-3-13.1 does not apply. *See* Gen. Laws § 39-3-13.1 (permitting refunds to "provide remedial relief from unjust, unreasonable, or discriminatory acts," or from "any matter, act, or thing done by a public utility which matter, act, or thing is . . . prohibited or declared to be unlawful"). The PUC has not found, nor could it, that the Company engaged in any "unjust, unreasonable, or discriminatory act[ ]." Gen. Laws § 39-3-13.1. Additionally, the PUC has no authority to issue a refund that "violates the company's constitutional rights under the due process and equal-protection clauses." *Narragansett Elec. Co. v. Burke*, 505 A.2d 1147, 1148 (R.I. 1986). The change promulgated by the Tax Act did not establish a "windfall" to the Company for the period of January 1, 2018 through August 31, 2018. *Id.* ("The power to make refunds and to set rates as set forth in chapter 3 of title 39 would of necessity include by implication the power to avoid windfalls to utilities . . . ."). The earnings sharing mechanism already provides an avenue for addressing rates of return to the Company that exceed the rate allowed by the PUC in its rate-setting order. Any mandated refund would violate the Company's right to a reasonable return.

Accordingly, the prohibition against retroactive ratemaking precludes the PUC from ordering refunds in connection with the Tax Act.

B. The PUC Should Not Adjust Rates Based On a Single Issue.

Setting rates requires a comprehensive review of the Company's expenses and revenues. The appropriate mechanism for determining whether a change in the Company's costs merits a change in the Company's filed rate is to review those costs in a general rate proceeding, where the PUC can measure all the Company's expenses and revenues collectively to establish a just

and fair rate. *See* R.I. Gen. Laws §§ 39-2-1; 39-3-11. Following this comprehensive review, the PUC may establish new, prospective rates. *See infra* §§ II.C. That is exactly what happened in Docket No. 4770, which set rates accounting for changes in all of the Company's expenses and revenues, including changes in tax expense as a result of the Tax Act. *See In re The Narragansett Elec. Co. d/b/a Nat'l Grid—Application for Approval of a Change in Elec. & Gas Base Distribution Rates*, Docket No. 4770 (filed November 27, 2017).

Single-issue ratemaking, which involves changing tariff rates based on a single factor, is disfavored. *See* Order, *In re Block Island Power Co. Surcharge Rate Filing*, Docket No. 4135, 2010 WL 4328475 (RI PUC Oct. 25, 2010); *see also Bos. Consol. Gas Co. v. Dep't of Pub. Utils.*, 72 N.E.2d 543, 548 (Mass. 1947). Changing the rates based upon one component of the cost of service may result in unjust or unreasonable base distribution rates that do not reflect the Company's actual cost of service. The Illinois Supreme Court has described the danger of single-issue ratemaking in the following manner:

> The rule against single-issue ratemaking recognizes that the revenue formula is designed to determine the revenue requirement based on the *aggregate* costs and demand of the utility. Therefore, it would be improper to consider changes to components of the revenue requirement in isolation. Often times a change in one item of the revenue formula is offset by a corresponding change in another component of the formula. For example, an increase in depreciation expense attributable to a new plant *may* be offset by a decrease in the cost of labor due to increased productivity, or by increased demand for electricity. . . . In such a case, the revenue requirement would be overstated if rates were increased based solely on the high depreciation expense without first considering changes to other elements of the revenue formula. Conversely the revenue requirement would be understated if rates were reduced based on the higher demand data without considering the effects of higher expenses.

Bus. & Prof'l People for Pub. Interest v. Ill. Commerce Comm'n, 585 N.E.2d 1032, 1061-62 (Ill. 1991) (emphasis in original); *see also Bos. Consol. Gas Co.*, 72 N.E.2d at 548 ("The result is that if the department's order of 1946 should stand, the company's rates for gas sold to consumers

would in reality have been reduced without regard to items of cost that may have risen substantially and that must be taken into account in fixing any new rate.").

Ordering refunds based on the Tax Act (and thereby retroactively decreasing rates) would constitute impermissible single-issue ratemaking. Rather than looking at the totality of factors affecting the revenue formula, such an approach would focus myopically on only one factor that happened to decrease. It would wholly ignore factors that increased and may offset any Tax Act gains, and could result in setting an insufficient revenue requirement.

C. The Filed-Rate Doctrine Prohibits Retroactive Refunds.

In creating the PUC, the General Assembly intended to "establish a system of rates which will be just and equitable to all concerned including the utility and its customers." *R.I. Chamber of Commerce Fed'n v. Burke*, 443 A.2d 1236, 1237 (R.I. 1982). To fulfill this purpose, public utilities, such as the Company, are obligated to charge the rates approved by the PUC and set forth in the approved tariffs. *In re Island Hi-Speed Ferry, LLC*, 746 A.2d 1240, 1244 (R.I. 2000) (describing the authority of the PUC to review and investigate rates to ensure that they are fair and reasonable); *see also Bos. Gas Co. v. City of Bos.*, 433 N.E.2d 483, 485 (Mass. App. Ct. 1982) ("[R]ates set by public rate-making bodies have the force and effect of law and cannot be altered, whether by mistake, inadvertence, or even by voluntary agreement."). As the Rhode Island Supreme Court has made clear, rates approved by the PUC have "the force and effect of statute." *Narragansett Elec. Co.*, 404 A.2d at 827 (quoting *New Eng. Tel. & Tel. Co.*, 358 A.2d at 20).

The filed-rate doctrine "forbids a regulated entity to charge rates for its services other than those properly filed with the appropriate federal regulatory authority." *Ark. La. Gas Co. v. Hall*, 453 U.S. 571, 578 (1981) ("Not only do the courts lack authority to impose a different rate

than the one approved by the PUC, but the PUC itself has no power to alter a rate retroactively."). The doctrine rests on the long-established principles that "the rate of the carrier duly filed is the only lawful charge," *Louisville & Nashville R.R. Co. v. Maxwell*, 237 U.S. 94, 97 (1915), and that the public is entitled to rely on filed rates until changed. *Ariz. Grocery Co. v. Atchison, Topeka & Santa Fe Ry. Co.*, 284 U.S. 370, 387-88 (1932) (carrier "cannot have reparation from the shippers for a rate collected under [an Interstate Commerce Commission] order upon the ground that it was unreasonably low"); *Towns of Concord, Norwood & Wellesley, Mass. v. Fed. Energy Regulatory Comm'n*, 955 F.2d 67, 71 (D.C. Cir. 1992) (filed rate cannot be changed retroactively). So too, a regulatory authority like the PUC cannot modify a filed rate to adjust retroactively for changes from a prior period. *See Towns of Concord*, 955 F.2d at 71 n.2.

The PUC approved base distribution rates for the Company, effective February 1, 2013, pursuant to an Amended Settlement Agreement approved at an open meeting on December 20, 2012, and based on the PUC's determination that the rate tariffs were "just, fair and reasonable and consistent with R.I. General Laws and regulatory policy." Report & Order, *In re Application of The Narragansett Elec. Co. d/b/a Nat'l Grid for Approval of Change in Elec. & Gas Base Distrib. Rates*, Dkt. No. 4323 (Apr. 11, 2013) [the 2012 Rate Case], at 114. The PUC found that the rate tariffs "recognize[d] the utility's financial health and obligation to provide safe, reasonable and adequate services." *Id.* (citing Gen. Law § 39-1-27.7.2(b)); *see also Fed. Power Comm'n v. Hope Nat. Gas Co.*, 320 U.S. 591, 603 (1944) (return on equity "should be sufficient to assure confidence in the financial integrity of the enterprise, so as to maintain its credit and attract capital"); *Bluefield Waterworks & Improvement Co. v. Pub. Serv. Comm'n of W. Va.*, 262 U.S. 679, 690 (1923) (prohibiting confiscatory ratemaking by entitling utilities to collect reasonable operating costs and to earn a just and reasonable return on investment).

From January 1, 2018 through August 31, 2018, the Company charged customers in accordance with the rates approved by the PUC in the 2012 Rate Case as "just, fair and reasonable and consistent with R.I. General Laws and regulatory policy." Report & Order, 2012 Rate Case, Docket No. 4323, at 114. The PUC has made no adjudication or finding that the Company charged its customers rates that did not conform to those established by the 2012 Rate Case, nor could it have done so. Accordingly, because the PUC approved the rates in effect from January 1, 2018 through August 31, 2018, and because the Company is strictly prohibited from charging anything other than those approved rates, the filed-rate doctrine prohibits the PUC from changing these rates retroactively through mandatory refunds. *See Narragansett Elec. Co.*, 404 A.2d at 827-28 (prohibiting the PUC from requiring a refund to customers because the rate charged was the rate approved by the PUC, even though the PUC was trying to correct its own mistake and the "rule in this case may appear inequitable to the customers who paid the excessive rates").

III. CONCLUSION

For these reasons, the PUC lacks authority to issue retroactive refunds relating to the Tax Act.

Respectfully submitted,

THE NARRAGANSETT ELECTRIC COMPANY

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Dated: October 25, 2018