



State of Rhode Island
Division of Public
Utilities & Carriers

Accounting Section
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June 7, 2019

To: Luly Massaro
Commission Clerk

From: John Bell
Chief Accountant

Subject: Docket 4953, National Grid Electric's Revenue Decoupling Mechanism Reconciliation Filing, Year Ending March 31, 2019

On May 24, 2019 National Grid ("NGrid", or "Company") filed its Annual Revenue Decoupling Mechanism (RDM) reconciliation for the 12-month period ending March 31, 2019. The filing is submitted in compliance with RIGL §39-1-27.7.1 and pursuant to tariff R.I.P.U.C. No. 2201 which the Public Utilities Commission (PUC) approved in Docket 4770.

Under the Commission approved RDM tariff, the actual billed distribution revenues for the RDM Year, which is the 12-month period ending each March 31st, is compared to the annual target revenues, which is the PUC approved annual distribution revenue requirement from the last general rate case. The difference is the RDM reconciliation amount. This amount (either positive or negative) is refunded or recovered through the RDM adjustment factor. Under the tariff, the Company also includes in its calculation of the RDM factor any remaining balance from the prior periods and interest at the rate paid on customer deposits. In accordance with the Commission's policy decision in Docket 4556, standard offer billing adjustments are also recovered or refunded, as applicable, through the RDM adjustment factor.

An additional item included in this year's calculation is a \$4.8 million credit that was part of the Commission approved settlement in Docket 4808. The \$4.8 million relates to the savings from the reduction of the corporate federal tax rate for the period January 2018 through August 2018.

The table on the following page summarizes the amounts included in the current filing and the related calculation of the proposed factor:

<u>Ln. No.</u>	<u>Description</u>	<u>Amount</u>
1	RDM Reconciliation	(\$442,764)
2	Net Unbilled Standard Offer Billing Adjustments	(\$7,234)
3	Estimated Interest (April 2019 – June 2020)	(\$9,937)
4	Total Under-Recovery	(\$459,935)
5	Reduction in Federal Corporate Income Tax Credit	\$4,482,025
6	Amount to be Credited to Customers	\$4,382,090
7	Forecasted Deliveries (Jul 1, 2019 - Jun 30, 2020)	7,078,046,498
8	Proposed RDM Adjustment Factor (Ln. 6 ÷ Ln. 7) *-1	(\$0.00061)

The above table shows that the total RDM reconciliation for the period ending March 31, 2019 was an under-recovery of \$442,764. This amount includes \$310,913 related to the difference between the target revenues of \$270,644,505 and the billed distribution revenues of \$270,333,592, plus \$5,203 of interest and \$126,648 related to the 2017 RDM Year under-recovery. On September 1, 2018 there was a base distribution rate change. To properly calculate the target revenues for this filing, the Company used the target revenues from Docket 4323 for the months of April 2018 through August 2018 and used the new target revenues set in Docket 4770 for the months of September 2018 through March 2019. Schedule REP-1, pg. 4 of 7, included with the Company's filing provides the detail of the billed revenue by type and month. I reviewed this schedule and concluded that the Company included all the appropriate revenue components.

Based on the total credit to customers of \$4,382,090 and the projected deliveries for the recovery period, the RDM factor calculates out to (\$0.00061) per kWh. The proposed factor is a decrease from the current factor of \$0.00184 kWh. The impact to a residential customer consuming 500 kWh's a month will be a decrease of \$1.28 or 1.2%.

I reviewed the filing in detail and concluded that NGrid correctly calculated the proposed RDM adjustment factor in accordance and that the calculations are accurate. I recommend approval of the proposed RDM Adjustment Factor of (\$0.00061) per kWh as filed.