

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION**

IN RE: THE NARRAGANSETT ELECTRIC COMPANY :
d/b/a NATIONAL GRID’S ELECTRIC REVENUE : **DOCKET NO. 4953**
DECOUPLING MECHANISM RECONCILIATION FILING :
FOR THE YEAR ENDING MARCH 31, 2019 :

ORDER

I. Introduction

On May 24, 2019, The Narragansett Electric Company d/b/a National Grid (National Grid or Company) filed its Revenue Decoupling Mechanism Reconciliation with the Public Utilities Commission (Commission or PUC) pursuant to R.I. Gen. Laws § 39-1-27.7.1 and RIPUC No. 2073.¹ On June 7, 2019, the Division of Public Utilities and Carriers (Division) filed a memorandum recommending approval of National Grid’s proposed 2019 Revenue Decoupling Mechanism Adjustment Factor of \$0.00061/kWh.² At an Open Meeting held on June 17, 2019, based on the Division’s recommendation, the PUC voted unanimously to approve National Grid’s proposed 2019 Decoupling Reconciliation Adjustment Factor of \$0.00061/kWh for effect on July 1, 2019.

II. The Revenue Decoupling Mechanism Reconciliation Factor

The Company is required to submit its annual Revenue Decoupling Mechanism (RDM) reconciliation by May 15 of each year for the fiscal year ending on March 31 (RDM Year). The Company’s RDM reconciliation compares the Annual Target Revenue to actual billed distribution

¹ National Grid’s 2019 Electric Revenue Decoupling Mechanism Reconciliation Filing (May 24, 2019); Pursuant to the Commission’s decision in Docket No. 4206, Order No. 20745 (May 25, 2012), National Grid is required to file a Decoupling Reconciliation Adjustment Factor with the Commission each year by May 15. This year, the Commission granted an extension to permit incorporation of an adjustment from the Settlement of Docket 4808 which dealt with the impact of the Tax Cuts and Jobs Act of 2017. All filings in this docket are available at the PUC offices located at 89 Jefferson Boulevard, Warwick, Rhode Island or at [http://www.ripuc.org/eventsactions/docket/4953-NGrid-2019RDM-Filing\(5-24-19\).pdf](http://www.ripuc.org/eventsactions/docket/4953-NGrid-2019RDM-Filing(5-24-19).pdf)

² Memorandum of the Division of Public Utilities and Carriers (June 7, 2019); <http://www.ripuc.org/eventsactions/docket/4953-%20DIV-Memo%206-7-19.pdf>.

revenue for the RDM Year. The Annual Target Revenue is the annual distribution revenue requirement, as approved by the PUC in a general rate case, less any adjustments to that revenue requirement that have been approved by the PUC. The RDM Reconciliation Amount is the difference (either positive or negative) between the actual billed distribution revenue and the Annual Target Revenue for the RDM Year. The RDM Reconciliation Amount, including interest at the rate paid on customer deposits, is the basis for the RDM Adjustment Factor. The RDM Adjustment Factor is a uniform per-kWh charge or credit that is applicable to all customers and is typically effective for usage on and after July 1.³

The RDM Adjustment Factor (Adjustment Factor) recovers the RDM Reconciliation balance accrued during the prior twelve-month period from April 1 through March 31.⁴ National Grid is authorized to recover, or credit, the balance amount from, or to, ratepayers during the prospective twelve-month period from July 1 through June 30.

III National Grid's Filing

In support of its filing, National Grid submitted the direct testimony and schedules of Robin E. Pieri, Senior Analyst for New England Electric Pricing in the Regulation and Pricing Department of National Grid USA Service Company, Inc. Ms. Pieri proposed an Adjustment Factor of \$0.00061/kWh for effect on July 1, 2019.⁵ The proposed Adjustment Factor is designed to credit the net over-recovery balance resulting from: (1) the under-recovery of \$442,764, resulting from the RDM reconciliation for the year ending March 31, 2019, and (2) a one-time

³ Test. of Robin E. Pieri at 5 (May 24, 2019).

⁴ The RDM Reconciliation balance is the difference between the Company's annual target revenue, which is the Company's revenue requirement approved by the Commission in the most recent base distribution rate case, and actual billed distribution revenue during the previous twelve months. The billed distribution revenue is the total of any and all revenues generated from the Company's base distribution rates, such as customer charges, distribution energy charges, demand charges, high voltage metering, luminaire and pole charges, delivery credits, and revenue generated by charges billed to customers who opt out of having a Company-owned Automatic Meter Reading device in their homes.

⁵ Pieri Test. at 2-3.

credit to customers of approximately \$4.8 million for the period January 2018 through August 2018, associated with the reduction in the Company's federal corporate income tax.⁶

To calculate the RDM Reconciliation amount, Ms. Pieri deducted the annual target revenue of \$270,644,505 from billed distribution revenue of \$270,333,592 for the reconciliation period.⁷ The RDM under-recovery of \$442,764 includes the final balance due from customers associated with the 2017 RDM year's under recovery of \$126,648, as well as \$7,234 in Net Unbilled Standard Offer Service billing adjustment.⁸ To this total under-recovery, Ms. Pieri then added interest for the recovery period of \$9,937, for a total under-recovery of \$459,935. She then added \$4,842,025, a credit associated with the Company's reduction in federal corporate income tax, which resulted in a total amount to be credited to customers of \$4,382,090. Ms. Pieri then calculated the RDM adjustment credit factor of \$0.00061/kWh by dividing the total customer credit of \$4,382,090 by the forecasted kWh deliveries for July 1, 2019 to June 30, 2020, of \$7,078,046,498.

She noted that \$10,963,922 of the under recovery of \$13,140,030 for the 2018 RDM year has been collected. The residual balance, either positive or negative, as of June 30, 2019, plus applicable interest, will be reflected as an adjustment in the RDM reconciliation for the 2020 RDM year. Ms. Pieri reported that for the typical residential customer using 500 kWh per month, the Adjustment Factor would result in a monthly decrease of \$1.28, or 1.2%, from \$107.93 to \$106.65.⁹

⁶ *Id.*; RDM Filing, Sch. REP-1 at 1.

⁷ RDM Filing, Sch. REP-1 at 3, 4. The annual target revenue represents the revenue requirement approved by the PUC in Docket No. 4323 for the months of April through August 2018, and the revenue requirement approved in the Company's last general rate case, Docket No. 4770, for the months of September, 2018 through March, 2019. Billed distribution revenue represents revenue generated from the Company's base distribution rates and includes: customer charges, distribution energy charges, distribution demand charges, high voltage metering and delivery credits under the Company's general service rate classes, luminaire and pole charges under the Company's street and area lighting rate classes, and revenue generated by the charges billed to customers who opt out of having a Company-owned Automatic Meter Reading device at their homes, as provided under Section 10 of the Company's Terms and Conditions for Distribution Service. Pieri Test at 6-7 (May 24, 2019)

⁸ Pieri Test. at 7; Sch. REP-1 at 1.

⁹ Pieri Test. at 10.

Ms. Pieri provided that the Company did not present any changes to its Summary of Retail Delivery Service Rates within the scope of this filing. She explained that the Company had separate filings pending for a new Long-Term Contracting for Renewable Energy Recovery Factor, the Arrearage Management Adjustment Factor, and the Low-Income Discount Recovery Factor. These factors, if approved, would also take effect on July 1, 2019. Therefore, to avoid any confusion that might arise from filing multiple versions of the Summary of Retail Delivery Service Rates, the Company will file a revised Summary of Retail Delivery Service Rates that incorporates all the rate changes that are effective for July 1, 2019, after the Commission has ruled on all the individual proposals.

IV. Review and Decision

On June 7, 2019, the Division filed a memorandum recommending approval of National Grid's proposed 2019 Revenue Decoupling Mechanism Adjustment Factor of \$0.00061/kWh.¹⁰

At an Open Meeting held on June 17, 2019, based on the Division's recommendation, the PUC voted unanimously to approve National Grid's proposed 2019 Decoupling Reconciliation Adjustment Factor of \$0.00061/kWh for effect on July 1, 2019.

¹⁰ Division Memorandum (June 7, 2019).

Accordingly, it is hereby

(23703) ORDERED:

The Narragansett Electric Company d/b/a National Grid's proposed 2019 Revenue Decoupling Mechanism Reconciliation Adjustment Factor of \$0.00061/kWh for effect on July 1, 2019 is approved.

EFFECTIVE AT WARWICK, RHODE ISLAND ON JULY 1, 2019 PURSUANT TO AN OPEN MEETING DECISION ON JUNE 17, 2019. WRITTEN ORDER ISSUED NOVEMBER 6, 2019.

PUBLIC UTILITIES COMMISSION


Margaret E. Curran, Chairperson

Marion S. Gold, Commissioner*


Abigail Anthony, Commissioner



*Note: Commissioner Gold was unavailable to participate in this matter.

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 seven 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.