

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

THE NARRAGANSETT ELECTRIC COMPANY :
d/b/a NATIONAL GRID’S RESIDENTIAL : **DOCKET NO. 5031**
ASSISTANCE PROVISION :
FOR EFFECT JULY 1, 2020 :

ORDER

I. Introduction

On May 15, 2020, The Narragansett Electric Company d/b/a National Grid (National Grid or Company) submitted its Residential Assistance Recovery filing to the Public Utilities Commission (Commission or PUC) pursuant to , pursuant to the Residential Assistance Provision (RAP) R.I. Gen. Laws § 39-2-1(d) and RIPUC No. 2216¹ for effect July 1, 2020.² The Residential Assistance Program comprises two elements: the Arrearage Management Adjustment Factor (AMAF) and the Low Income Discount Recovery Factor (LIDRF).

On June 10, 2020, the Division of Public Utilities and Carriers (Division) filed a memorandum recommending approval of National Grid’s proposed 2020 AMAF of \$0.00015/kWh and the 2020 LIDRF of \$0.00176/kWh.³

At an Open Meeting held on June 25, 2020, based on the recommendation of the Division, the PUC voted unanimously to approve National Grid’s proposed 2020 factors, as filed.

II. Arrearage Management Adjustment Factor

The Arrearage Management Adjustment Factor is designed to allow the Company to recover arrearages forgiven for those customers who participate in the Company’s Arrearage

¹ See [https://www.nationalgridus.com/media/pdfs/billing-payments/tariffs/ri/rap_ripuc_2216-\(01.15.19\).pdf](https://www.nationalgridus.com/media/pdfs/billing-payments/tariffs/ri/rap_ripuc_2216-(01.15.19).pdf) .

² National Grid’s 2020 Residential Assistance Recovery (Filing) (May 15, 2020). All filings in this docket are available at the PUC offices located at 89 Jefferson Boulevard, Warwick, Rhode Island or at <http://www.ripuc.ri.gov/eventsactions/docket/5031page.html>.

³Division Memorandum of the of Public Utilities and Carriers (June 10, 2020); http://www.ripuc.ri.gov/eventsactions/docket/5031-DIV-Memo_6-10-20.pdf

Management Program.⁴ The eligible arrearages fall into two categories. For arrearages attributable to customers who default under the program, National Grid is authorized to recover all amounts forgiven. For those attributable to customers who successfully complete the Arrearage Management Program, however, the Company is authorized to recover only those amounts forgiven that exceed the adjusted bad debt allowance.⁵

In support of its filing, National Grid submitted the direct testimony and schedules of Adam S. Crary, Senior Analyst for New England Electric Pricing in the Regulation and Pricing Department of National Grid USA Service Company, Inc. Mr. Crary proposed an Adjustment Factor of \$0.00015/kWh to recover a total of \$1,102,262 in arrearages forgiven under the Arrearage Management Program for the twelve-month period ending December 31, 2019.⁶ Of that amount, \$557,317 was attributable to participants who defaulted from the program. An additional \$99,861 resulted from customers who voluntarily opted out of the Arrearage Management Program prior to successful completion.⁷ For customers who successfully completed their payment plans, a total of \$445,084 in arrearages was forgiven in calendar year 2019.⁸ Mr. Crary represented that the Company experienced \$1,116,925 more bad debt in CY 2019 than the adjusted allowable bad debt of \$13,579,677. Therefore, the entire amount of arrears forgiven for successful participants, or \$445,084, is eligible for recovery.⁹

⁴ Program participants enroll in a one-year payment plan, with a fixed monthly charge equal to the customer's estimated average prior usage, as determined by National Grid. With each payment made over the course of the year, one-twelfth of the customer's arrearage would be forgiven. Customers can earn up to \$1,500 of forgiveness in a year. If a customer's outstanding balance is greater than \$1,500, the plan may be extended for an additional twelve-month period. Customers must remain current with payments or be subject to removal from the program, with all unpaid balances due and payable in full. R.I. Gen. Laws § 39-2-1(d).

⁵ R.I. Gen. Laws § 39-2-1(d).

⁶ Crary Test. at 6.

⁷ *Id.* Sch. ASC-1.

⁸ Crary Test at 7; Sch. ASC-1, Page 2, Line 11.

⁹ Crary Test. at 8.

To calculate the Arrearage Management Adjustment Factor, Mr. Crary added the amount of unsuccessful arrearage forgiveness, \$657,178, the recoverable amount of \$445,084 for successful participants and the remaining under recovery of \$11,002 for the period ending June 30, 2019 for a total of \$1,113,264.¹⁰ This amount was then divided by the forecasted deliveries for July 2020 through June 2021 of 6,995,385,617 kWh to result in the proposed Adjustment Factor of \$0.00015 per kWh.¹¹

III. Low Income Discount Recovery Factor

The Low Income Discount Recovery Factor is designed to recover the estimated low-income discounts credited to the bills of Rate A-60 customers during the period July 1, 2020 through June 30, 2021, based on currently effective rates approved in April 2020.¹² Pursuant to RIPUC No. 2216, the Company is required, on an annual basis, to estimate the discount to be provided to Rate A-60 customers. The estimated discount will be twenty-five percent of the forecasted Rate A-60 monthly billing units multiplied by the Rate A-60 customer charge plus the sum of the Retail Delivery Service and semi-annual Standard Offer Service energy rates in effect during the period. For customers receiving benefits through Medicaid, General Public Assistance, and/or Rhode Island Works Program (formerly known as the Family Independence Program) or successor programs, the estimated discount will be thirty percent of the forecasted Rate A-60 monthly billing units multiplied by the Rate A-60 customer charge and the sum of the Retail Delivery Service and semi-annual Standard Offer Service energy rates in effect during the period.¹³ This estimate of the discount is used to determine the amount to be reflected in Retail Delivery Service rates on a prospective basis. The amount is divided by the estimated kilowatt-hours to be

¹⁰ *Id.*; Sch.ASC-1, Page 2, Lines 11-15.

¹¹ Sch. ASC-1 at 1.

¹² Crary Test. at 10.

¹³ RIPUC No. 2215 at 2 (Dec. 5, 2018).

delivered by the Company to all customers, excluding customers on Rate A-60. The resulting per kWh charge is referred to as the LIDRF.

Mr. Crary calculated the LIDRF by first reviewing the historical data for the period of May 2019 through April 2020 associated with both the twenty-five percent and the thirty-percent discount.¹⁴ The data showed that a total of 32,830 customers received discounts totaling \$5,650,771, with an effective discount rate of 25.5%.¹⁵ Mr. Crary then estimated the low income discount charge for the period July 1, 2019 through June 2020 to be \$11,445,700.¹⁶ Using an estimated forecasted kWh deliveries rate of 6,790,142,487, he calculated the proposed LIDRF at \$0.00176/kWh.¹⁷

Mr. Crary also provided a reconciliation of the recovery of low-income discounts and revenues from the billing of the LIDRF from July 2019 through April 2020. That showed an under-recovery to date of \$857,127.¹⁸ The ending balance of the LIDRF reconciliation as of June 30, 2020, positive or negative, including interest, will be included for recovery in next year's filing.¹⁹

IV. Combined Impact of Factors/ Summary of Retail Delivery Service Rates

Mr. Crary reported that, for a typical residential customer using 500 kWh per month, the combined impact of the Arrearage Management Adjustment Factor at \$0.00015/kWh and the Low Income Discount Recovery Factor at \$0.00176/kWh would result in a monthly increase of \$0.16 from \$108.08 to \$108.24.²⁰

Mr. Crary noted that the Company did not present any changes to its Summary of Retail Delivery Service Rates within the scope of this filing. He explained that the Company was in the

¹⁴ Sch. ASC-3 at 2.

¹⁵ Sch. ASC-3 at 2, Line 37.

¹⁶ Sch. ASC-3 at 1, Line 26.

¹⁷ Sch. ASC-3 at 1, Line 30.

¹⁸ Crary Test. at 12; Sch. ASC-4, page 2, Column (h), Line 10.

¹⁹ Crary Test. at 12.

²⁰ Crary Test. at 14; Sch. ASC-5.

process of proposing a new Revenue Decoupling Mechanism Adjustment Factor, as well as a new Long-Term Contracting for Renewable Energy Recovery Factor, in separate filings. These factors, if approved, would also take effect on July 1, 2020. 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 incorporating all the rate changes effective for July 1, 2020 after the Commission has ruled on all the individual proposals.

Accordingly, it is hereby

(23883) ORDERED:

1. The Narragansett Electric Company d/b/a National Grid's proposed 2020 Arrearage Management Adjustment Factor of \$0.00015/kWh for effect on July 1, 2020 is approved.
2. The Narragansett Electric Company d/b/a National Grid's proposed 2020 Low Income Discount Recovery Factor of \$0.00176/kWh, for effect on July 1, 2020 is approved.

EFFECTIVE AT WARWICK, RHODE ISLAND ON JULY 1, 2020 PURSUANT TO AN OPEN MEETING DECISION ON JUNE 25, 2020. WRITTEN ORDER ISSUED AUGUST 19, 2020.

PUBLIC UTILITIES COMMISSION

*Margaret E. Curran, Chairperson



Marion S. Gold, Commissioner



Abigail Anthony, Commissioner

*Chairperson Curran participated in this decision but was unavailable to sign.

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.