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Rhode Island Energy™
a PPL company

August 31, 2022

VIA ELECTRONIC MAIL

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

RE: Docket 4978 – 2022 Last Resort Service Procurement Plan
Proposed Last Resort Service Rates for the Residential, Commercial & Industrial Groups For Effect October 2022
<u>Responses to PUC Data Requests – Set 6</u>

Dear Ms. Massaro:

On behalf of The Narragansett Electric Company d/b/a Rhode Island Energy ("Rhode Island Energy" or the "Company"), enclosed please find an electronic version[1] of the Company's responses to the Public Utilities Commission's Sixth Set of Data Requests in the above-referenced docket.

Thank you for your attention to this filing. If you have any questions concerning this matter, please do not hesitate to contact me at 401-784-4263.

Sincerely,

Andrew S. Marcaccio

Enclosures

cc: Docket 4978 Service List
Christy Hetherington, Esq.
John Bell, Division

[1] Per a communication from Commission counsel on October 4, 2021, the Company is submitting an electronic version of this filing followed by six (6) hard copies filed with the Clerk within 24 hours of the electronic filing.

PUC 6-1

Request:

In comments submitted by the Governor on August 15, 2022, he advised that $3.8 million was proposed to be made available from RGGI funds, pending the outcome of a public process, to reduce the impact of the proposed Last Resort Service rates. According to the letter, "RGGI funding would provide direct rate relief to approximately 39,000 low-income customers…as a fixed monthly credit on their electricity bills during the winter period."

a. Please explain how the Company would propose to credit the $3.8 million to A-60 customers over the months of November 2022 through April 2023, identifying any challenges that need to be overcome?
b. The letter suggests that the bill credit appear on each monthly bill for the months of November 2022 through April 2023. If this were a separate monthly charge, would the Company have the same concerns as those expressed in the Company's responses to PUC Data Requests Sets 1, 2 and 3 in Docket No. 22-07-GE. Please explain, incorporating the relevant portions of those responses into this response.
c. Would it be technically feasible to apply the monthly credit as a reduction to the monthly customer charge? If not, why not?
d. If it would be technically feasible, what challenges does the Company anticipate from the proposal?
e. By what date would the Company need a decision from the Commission and/or OER to allow National Grid to implement such billing changes?

Response:

a. The Company's preferred method for providing the credits stemming from the Regional Greenhouse Gas Initiative ("RGGI") funds is to provide a one-time RGGI bill credit of $104.84 to all low-income electric customers on Rate A-60. Please see Attachment PUC 6-1, which is a proposed tariff for the Company's preferred method for crediting the RGGI funds to Rate A-60 customers.

   If the Company was directed to apply the RGGI funds as bill credits over the months of November 2022 through April 2023, the Company would propose to calculate a fixed credit amount by dividing the $3,858,150 in RGGI funds by the forecasted number of active Rate A-60 customers at the beginning of the first bill cycle and then dividing by six months. Using the current November 2022 forecast of A-60 customers (36,800 customers), the credit would be $17.47 per month. This would require the Company to reconcile any over- or under-crediting to Rate A-60 customers as a result of the difference in the actual number of Rate A-60 customers provided the credit over the six-month period and the forecasted Rate A-60 customer count used to calculate the credit per customer. The Company notes, however, that it has provided a comprehensive list of challenges in its response to part b of this request that would arise if the Company provided the credits over six months.

b. Yes, the Company would have many of the same concerns if the RGGI bill credit appeared on each monthly bill for the months of November 2022 through April 2023. These concerns stem from the risks, challenges, and impacts on customers and the Company as explained below.

Manual Process:

- The Company cannot automate the process to effectuate the monthly RGGI bill credit for the months November 2022 through April 2023 because the time necessary to create the automated process will not permit the Company to have the automated process in place in time to commence processing the bill credits in November 2022. The Company has determined that it will take three to four months to create an automated process from the time the Company determines the specific parameters for the process and is able to commence development. That process will take that amount of time because the Company must define the requirements and rules around the new billing component it will create. Additionally, the new component would require modeling in the billing system on two impacted service classifications (the 25% discount class and the 30% discount class) and rate codes, which would include many table updates and minor code changes depending on the requirements. The modeler must unit test the new billing component before the new modeling is turned over for user acceptance testing ("UAT"). UAT would include executing a test bill scenario to verify the bill calculation and appearance on the bill for the service classification and rate codes impacted along with other test conditions for billing. Then, once all these steps are complete, the Company would be able to migrate the automated process for the new billing component to production to apply it to customer bills.

- To program and implement the RGGI bill credit, the Company will create and execute a one-time miscellaneous adjustment that involves building a new program with the necessary features, including the following: (a) target population, (b) amount to be credited, and (c) proper accounting. After building the program, the

Company will need to test it, schedule it to be implemented, and implement it multiple times. After the A-60 customer batch process is implemented, any exceptions or billing errors that occur would have to be reviewed and manually corrected. To post this bill credit to customer accounts over six months, the Company would need to identify the new target population each month to account for newly activated customers and customers whose service has been discontinued. Each additional monthly run would have to follow the same process as the initial process: testing, scheduled run, posting, and reviewing and correcting any exceptions or billing errors manually.

- The programming complexity and effort will require the Company to divert resources from the critical work necessary for the Company to transition off of the Transition Services Agreement ("TSA") between the Company and National Grid USA Service Company, Inc. ("National Grid Service Company") in a timely manner and on schedule. While implementing the bill credit over six months versus one month, there will be transition items that cannot be worked until this process is concluded. The Company will need to divert its attention and resources (including resources from the Company's affiliates and contractors/consultants), as well as National Grid Service Company resources, away from significant projects underway that will enable the Company to complete the transition of information technology ("IT") systems and terminate the TSA on time and on schedule. For example, the resources needed for all the above processes are the same National Grid Service Company employees who are working with PPL on the design and implementation of the Rhode Island CSS integration to the PPL CSS. In addition, the Company anticipates that it will have to pull resources from the transition team to manage exceptions and billing errors. Extending this process over a six-month period rather than a one-month period exacerbates the impact to the overall transition timeline.

- Finally, the Company must gather the data and develop the processes to perform the reconciliation. Per the proposed 2022-B Plan for the Allocation and Distribution of Regional Greenhouse Gas Initiative Auction Proceeds ("RGGI 2022-B Plan"), "[a]ny funds not used by Rhode Island Energy for direct rate relief for low-income customers shall be transmitted back to OER no later than July 1, 2023." The reconciliation would entail comparing the total amount of credits issued to customers during the six-month period to the proposed $3,858,150 target amount. If the result is that the Company did not provide the full target amount to customers, then the difference would be transmitted back to OER as indicated above. If the amount of credits applied over the course of the six-month period was over the target, the Company would potentially develop a proposal to recover the excess amount. Please see below for further discussion on anticipated difficulties in quantifying the credits issued to customers.

Impacts to the Customers:

- Risk of not receiving full credit. As described above, the Company will have to manually track accounts that customers close over the course of the six-month period and track whether those customers opened an account at a new premise and are still in the A-60 rate class, which will be a labor-intensive and difficult process. As a result, spreading the credit over six months creates a risk that customers who are eligible for the credit will not end up receiving the full credit amount.

Impacts to the Company:

- Impact to overall transition project timeline. As described above, the IT resources necessary to implement the bill credits from RGGI funds are provided to the Company pursuant to the TSA, and those resources are the same resources responsible for completing the IT transition. Spreading the bill credits over six months will require those resources to expend substantial additional time on the bill credit process and therefore take time away from completing the necessary IT transition tasks. Accordingly, that would create risk of further extending the time period to complete the IT transition.

c. It is technically feasible for the Company to provide a monthly residential bill credit through a reduction of the customer charge for Rate A-60 customers during the months of November 2022 through April 2023. The Company notes that this method may result in a lower benefit for Rate A-60 customers. Please see the illustration provided as part of the last bullet in the response to part d, below.

d. The following complications would arise if the Company were to provide a monthly residential bill credit through a reduction of the customer charge during the months of November 2022 through April 2023:

- The credit would be netted out against the customer charge revenue making the reconciliation of the credit difficult because they would be using the same charge type and accounting. Once the credits are posted on the accounts, the accounting department may need to make necessary adjustments.

- The reconciliation process above is further complicated because of canceled charges from a prior period that requires rebilling. When a bill is canceled, all charges, including the customer charge, would need to be rebilled. This would require several months of oversight and a process to allow for the customer charge method for affected accounts to post appropriately in the next billing period.

- There are accounts coded as "Multiple Dwellings." This type of account lets the billing system know that the customer charges need to be multiplied by the number of dwellings in the premise. If an account has 10 dwellings, then the customer charge is multiplied by 10. This means the credit amount would also be multiplied by 10 for those accounts.

- The customers may not receive the full monthly credit for any bill that was produced for less than 26 days. The Company prorates the customer charge on first and final bills that do not meet the 26 or greater day rule.

  An example of the customer charge proration for such a bill is set forth below.

  Reduced Customer Calculation:

Number of Days in Final Bill	20	
Reduced Customer Charge	($11.33)	
Proration Factor (20 days/30 days)	0.666667	
Multiple Proration Factor * Customer Charge	($7.55)	Prorated Customer Charge

- Customers enrolled in the Company's Low Income Discount Rate Program would not receive their full discount on charges prior to the application of the credit. Please see below illustration for an explanation of how applying the credit through a reduced customer charge affects customers on the low-income rates.

Applying a Miscellaneous Credit

Bill Amount before any discounts: $100

- Includes low-income customer charge of $6.00

25% Low Income Discount: (-$25)

Miscellaneous Bill Credit: (-$17.33)

Final Bill Amount: $57.67

Adjusting the Customer Charge

Bill Amount before any discounts: $82.67

- Includes low-income customer charge equal to a credit of (-$11.33), which is the regular low-income customer charge of $6.00 less the $17.33 credit amount

25% Low Income Discount: (-$20.67)

Final Bill Amount: $62.00

Accordingly, applying the bill credits as adjustments to the customer charge would reduce the value of the credits to low-income customers, in this example, by $4.33.

e. The Company will need a minimum of 30 days to perform the work necessary to apply the RGGI credits to Rate A-60 customer accounts. The Company proposes to apply the bill credit stemming from the obligation under the Settlement Agreement among the Rhode Island Attorney General, PPL Corporation, and PPL Rhode Island Holdings, LLC ("Settlement bill credit") and the RGGI bill credit in different months as each would take a minimum of 30 days to perform the work necessary to apply the credits to customer accounts. In addition, applying the Settlement bill credit and the RGGI bill credit in different months would assist the Company with bill messaging and help mitigate customer misunderstanding of the various credits.

Prepared by or under the supervision of: Chris Ann Rossi
and Eric Russell (Pursuant to the Transition Services Agreement)

THE NARRAGANSETT ELECTRIC COMPANY
RGGI CUSTOMER BILL CREDIT

REGIONAL GREENHOUSE GAS INITIATIVE AUCTION PROCEEDS CUSTOMER BILL CREDIT FOR A-60 RATE CLASS

This tariff is to comply with Section 5.4.2.a. of the 2022-B Plan for the Allocation and Distribution of Regional Greenhouse Gas Initiative Auction Proceeds ("RGGI 2022-B Plan") as proposed on August 10, 2022, and finalized on September __, 2022. Section 5.4.2.a. of the RGGI 2022-B Plan provides that:

> **$3,858,150.00** shall be allocated to Rhode Island Energy to provide electric bill credits to low-income customers enrolled in the A-60 rate class during the period between November 2022 and April 2023, when the winter rate charges appear on customer bills, in a manner approved by the Rhode Island Public Utilities Commission. The direct bill credits are in recognition of the disproportionate financial burdens that low-income ratepayers will experience due to the high cost of electricity this winter. Any funds not used by Rhode Island Energy for direct rate relief for low-income customers shall be transmitted back to OER no later than July 1, 2023.

I. **APPLICABILITY:** This tariff applies to each electric distribution customer account in the A-60 rate class as of the effective date of the tariff.

II. **RGGI BILL CREDIT AMOUNT**: A one-time bill credit of $104.84 will be applied to each customer account eligible under Section I.[1]

III. **TIMING**: The one-time bill credit described in Section II will appear on the bills of all customer accounts eligible under Section I on the first bill after the effective date of the tariff.

IV. **EXPIRATION**: This tariff shall expire automatically once the one-time bill credit described in Section II has been provided to all eligible customer accounts described in Section I.

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[1] The one-time RGGI bill credit was calculated by taking the $3,858,150.00 of available RGGI funding and dividing by 36,800, which represents the Company's forecasted A-60 customer count for November 2022.

PUC 6-2

Request:

In comments submitted by the Governor on August 1, 2022, the Governor suggested the Commission consider suspending the customer charge on residential customers' bills issued during the months of November 2022 through April 2023.

a. Would it be technically feasible to set the customer charge to zero dollars ($0.00) during these months? If not, why not?
b. If it would be technically feasible, what challenges does the Company anticipate from the proposal, including, but not limited to, billing, accounting, and ratemaking?
c. How would the Company propose addressing any challenges identified in its response to PUC 2.b?
d. How would the Company propose to recover the deferred revenue?

Response:

a. Yes, it is technically feasible for the Company to set the residential customer charge to zero dollars during the months November 2022 through April 2023. If the Public Utilities Commission ("Commission") directs the Company to set the customer charge to zero dollars on bills rendered during the months of November 2022 through April 2023, the Company will need a minimum of 15 days to perform the work necessary to apply this initial customer charge price (not inclusive of tracking or reconciliation mechanisms).

b. The following complications and impacts would arise with a suspension of the customer charge for six months that would be recovered during a subsequent six months:

    - The appropriate modifications would need to be made to the billing system to suspend the charge for residential customers for the six-month suspension period as well as system modifications to reinstate the customer charge at the end of the suspension period. In addition, billing system modifications would be necessary to recover the deferred customer charge amounts, including carrying charges, from residential customers following the suspension period. These changes to the IT billing system would result in additional costs to the Company under the Transition Services Agreement ("TSA") between the Company and National Grid USA Service Company, Inc.

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- There would need to be a process to identify the amount of customer charges that were suspended each month and these amounts would then need to be recorded properly in the general ledger to be deferred for future recovery from residential customers. In addition, carrying charges would need to be calculated and recorded on the deferred customer charge amounts.

- The Company would track the amount deferred each month on a total basis and maintain a cumulative balance of deferred customer charges for future recovery. The Company would recover the cumulative deferred customer charges and applicable carrying charges in a subsequent six-month period (which would likely start as soon as the Company can gather final deferred amounts) from active customers at that time.

- The carrying charge interest on the deferred customer charges would result in future customer charges that are higher than the amounts of customer charges that were suspended.

c. The Company would address the challenges above by utilizing additional resources where possible. Utilizing some of these additional resources would require the Company to divert resources from critical work necessary for the Company to transition off of the TSA in a timely manner and on schedule and result in additional TSA costs.

d. The Company would propose to recover the customer charge revenue that was deferred during the period November 2022 through April 2023, including carrying charges on the deferred balance, in a subsequent six-month period (which would likely start as soon as the Company can gather final deferred amounts). The total deferred revenue would be recovered from the active customers at the time of recovery; those customers would not necessarily be all of the same customers whose customer charge was suspended (i.e., a new customer would have a higher customer charge during the recovery period even though they did not receive the benefit of a suspended customer charge during the November 2022 to April 2023 period). The recovery of the deferred amounts would be higher than the suspended amounts because of the carrying charges.

Prepared by or under the supervision of: Stephanie Briggs, Chris Ann Rossi, and Eric Russell (Pursuant to the Transition Services Agreement)

PUC 6-3

Request:

For this question, please assume, hypothetically that the Commission were to approve a proposal that would suspend the customer charge for all residential customers and apply the RGGI dollars through an additional reduction to the A-60 customer charge. How would the Company implement such a decision and what process would the Company use to ensure proper accounting and cost recovery?

Response:

If ordered by the Commission to suspend the customer charge for all residential customers from November 2022 through April 2023, the Company would make programming modifications to the IT billing systems to suspend the charge to those customers during that period. In addition, each month, the amount of customer charges that were suspended would need to be determined from the IT billing system, and there would need to be adjustments to the Company's books to accurately reflect the amount that was suspended to be deferred for future recovery. Also, carrying charges on the deferred customer charges would need to be calculated and recorded on the Company's books to accurately reflect the total amount of deferred customer charges to be recovered. At the end of the suspension period, programming modifications and reviews would be made to the IT billing systems to ensure that the residential customer charge is no longer suspended and has been reinstated. In addition, prior to the beginning of the proposed six-month recovery period, modifications would be needed to the IT billing systems to implement an additional customer charge for residential customers to recover the deferred customer charges, as well as the calculated carrying charges on the deferred amounts. After the recovery period, the IT billings system would need to reviewed and modified as necessary to end the additional customer charge and ensure that customers are only being charged for their current customer charge. There would need to be a review of the Company's books at the end of the recovery period to determine if the amount of the additional customer charge collected from customers was equal to the amount deferred for recovery. If there was any over- or under-recovery, the Company would need to determine how to collect or return the amounts.

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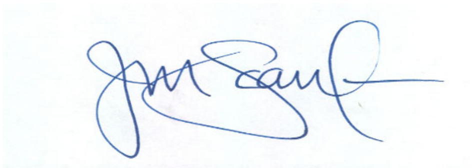
PUC 6-3, page 2

Please see the Company's response to PUC 6-1, parts b) and d) for the process the Company would implement if the Commission were to order the Company to apply the RGGI dollars through an additional reduction to the A-60 customer charge, including (1) the system implementation process and (2) a reconciliation process to accurately track the exact amount of credits applied to customers and to determine whether an amount needs to be returned to the Office of Energy Resources or whether an amount needs to be recovered from customers.

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.

The paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.



___________________________________ August 31, 2022
Joanne M. Scanlon Date

Docket No. 4978 – Narragansett Electric Co. d/b/a Rhode Island Energy – 2021 Last Resort Service Procurement Plan
Service List updated 8/29/2022

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