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September 22, 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  
Responses to Record Requests**

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<sup>1</sup> of the Company’s responses to the record requests issued at the Public Utilities Commission’s Evidentiary Hearings on September 16 and 19 in the above-referenced docket. The Company has included the service list for Docket 22-07-GE because the Company’s response to Record Request No. 1 relates to that specific proceeding.

Please be advised that the Company’s responses to Record Request Nos. 3 and 5 are pending and will be submitted this evening or first thing tomorrow morning.

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,

A handwritten signature in blue ink, appearing to read "Andrew S. Marcaccio".

Andrew S. Marcaccio

Enclosures

cc: Docket 4978 Service List  
Docket 22-07-GE Service List

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<sup>1</sup> 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.

The Narragansett Electric Company  
d/b/a Rhode Island Energy  
RIPUC Docket No. 4978  
In Re: Last Resort Service (LRS) Procurement Plan  
Proposed LRS Rates for Residential, Commercial, and Industrial Customers  
For Effect October 2022 and  
RIPUC Docket No. 22-07-GE  
In Re: Tariff Advice Filing – Bill Credits for Electric and Gas Customers  
Responses to the Record Requests  
Issued at the Commission’s Evidentiary Hearings  
On September 16 and 19, 2022

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Record Request No. 1

Request:

Would it be appropriate to add interest onto the bill credits totaling \$50 million which will be provided to the Company’s electric and gas distribution customers as agreed in the Settlement Agreement, dated May 19, 2022, by and among PPL Corporation, PPL Rhode Island Holdings, LLC, and Peter F. Neronha, Attorney General of the State of Rhode Island?

Response:

The Company does not take any proposed bill increase for its customers lightly and is eager to play its part in mitigating the increased cost of energy supply this winter. As agreed to with the Rhode Island Attorney General Peter F. Neronha, the Company is proud of its commitment to contribute bill credits for electric and gas customers totaling \$50 million as well as an additional \$43.5 million in arrearage forgiveness for low-income and protected customers for a total of \$93.5 million in immediate rate relief for customers paid for by the Company. The Company is also exploring how it may be able to accelerate certain refunds or adjustments that may be due to distribution customers to provide additional rate relief during the winter months. For example, the Company is preparing an upcoming filing this fall proposing to credit approximately \$3 million to electric distribution customers representing the volume and value of excess generation from net metering facilities in calendar years 2019, 2020, and 2021, and anticipates proposing that the credit be provided in the winter months to provide rate relief.

Regarding interest on the \$50 million in bill credits described above, the Settlement Agreement, dated May 19, 2022, by and among PPL Corporation, PPL Rhode Island Holdings, LLC, and the Attorney General of the State of Rhode Island, did not contemplate or require interest. Accordingly, it would not be appropriate to add interest onto the bill credits.

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Record Request No. 2

Request:

What is the size of the annual distribution revenue requirement?

Response:

The annual distribution revenue requirement is \$299,305,226 per the Company's Revenue Decoupling Mechanism Provision, RIPUC No. 2218, a copy of which is provided as Attachment RR-2.

RIPUC No. 2218  
Page 1 of 3  
Canceling RIPUC No. 2201

## NARRAGANSETT ELECTRIC COMPANY REVENUE DECOUPLING MECHANISM PROVISION

In accordance with *An Act Relating to Public Utilities and Carriers – Revenue Decoupling*, the prices for distribution service contained in all of the Company’s tariffs are subject to adjustment to reflect the operation of its Revenue Decoupling Mechanism (“RDM”) Provision.

### I. Definitions

“Actual Billed Distribution Revenue” shall mean the amounts the Company has billed during the applicable RDM Year for customer charges, distribution demand charges, distribution energy charges, Second Feeder Service charges, and any other charges or discounts that the Company records as distribution revenue. Actual Billed Distribution Revenue shall not include charges billed pursuant to the provisions of the Infrastructure, Safety and Reliability Provision, as may be amended from time to time. Actual Billed Distribution Revenue shall exclude the RDM Adjustment Factor, as it is subject to its own reconciliation.

“Annual Target Revenue” or “ATR” shall mean the revenue requirement as approved by the Commission less any adjustments to that revenue requirement as approved by the Commission.

“RDM Year” shall mean the twelve-month period beginning April 1.

“Forecasted kWh” shall mean the forecasted amount of electricity, as measured in kWh, to be distributed to the Company’s retail delivery service customers for the twelve month period during which the proposed RDM Adjustment Factor will be in effect.

“RDM Adjustment Factor” shall mean a per-kWh factor equal to the RDM Reconciliation Amount divided by the Forecasted kWh for all rate classes.

“RDM Reconciliation Amount” shall mean the difference (either positive or negative) between the Actual Billed Distribution Revenue and the ATR for the RDM Year.

### II. RDM Revenue Reconciliation and Adjustment Factor

The Company’s RDM shall include an annual RDM Revenue Reconciliation which will reconcile ATR and Actual Billed Distribution Revenue for the same RDM Year. The RDM Revenue Reconciliation Amount (either positive or negative) shall determine the RDM Adjustment Factor. The Company shall submit a filing no later than May 15, in which the Company shall propose adjustments to distribution rates to reflect the RDM Adjustment Factor. These adjustments to distribution rates will be effective for usage on and after July 1.

In addition, the Company shall reflect the following adjustment to its RDM Revenue Reconciliation pursuant to the Settlement Agreement approved by the Commission in Docket No. 4770:

RIPUC No. 2218  
Page 2 of 3  
Canceling RIPUC No. 2201

NARRAGANSETT ELECTRIC COMPANY  
REVENUE DECOUPLING MECHANISM PROVISION

Adjustments Associated with the Update of the Amortization of Excess Deferred Federal Income Taxes and the Reduction in Federal Income Taxes for the Period January 2018 through August 2018

To account for revisions to the corporate federal income tax rate modified by the federal Tax Cuts and Jobs Act, the Company reflected the amortization of an estimate of excess deferred federal income taxes included in base distribution rates that became effective on September 1, 2018 pursuant to Docket No. 4770. The Commission approved an update to this estimate as a result of the Company filing its fiscal year 2018 federal income tax return in December 2018 and submitting a supplemental compliance filing that calculated updated revenue requirements beginning September 1, 2018 and which were also approved by the Commission. As a result of the update to the revenue requirements being deemed relatively small, base distribution rates were not revised, and the differences are reflected in the ATR Section III below to be recovered from or credited to customers via the RDM Reconciliation.

The Commission opened Docket No. 4808 to investigate the impact of the reduction in the corporate federal income tax rate pursuant to the federal Tax Cuts and Jobs Act for the period of January 2018 through August 2018. Pursuant to a settlement agreement in Docket No. 4808, customers will receive a one-time credit of \$4,842,025. This amount will be reflected in the RDM Revenue Reconciliation as a one-time credit to customers in the next scheduled RDM Filing submitted after a Commission ruling on the amount of the credit.

The RDM Adjustment Factor will be based on the RDM Reconciliation Amount for the prior RDM Year as determined above. The amount of over- or under-recovery resulting from the RDM Reconciliation Amount, including interest at the rate paid on customer deposits, shall be used to determine a uniform per-kWh RDM Adjustment Factor based on the Forecasted kWh. The RDM Adjustment Factor shall be applicable to all retail delivery service customers. The amount approved by the Commission to be recovered or refunded through the RDM Adjustment Factor shall be subject to reconciliation.

III. Adjustments to Annual Target Revenue

The ATR shall be based on the revenue requirement approved by the Commission in the Company's most recent general rate case. The ATR may be adjusted should the Commission approve recovery mechanisms for costs included in the revenue requirement such that those costs would be recovered from customers through two mechanisms or not recovered at all. Should the Company's ATR change during a RDM Year as a result of a new revenue requirement arising from a general rate case that may be approved by the Commission, the Company shall allocate the prior ATR and new ATR to each month within the RDM Year based on the rate year kWh deliveries reflected in the general rate case from which the revenue requirement was based.

RIPUC No. 2218  
Page 3 of 3  
Canceling RIPUC No. 2201

NARRAGANSETT ELECTRIC COMPANY  
REVENUE DECOUPLING MECHANISM PROVISION

<u>Effective</u>	<u>Annual Target Revenue</u>
September 1, 2018	\$284,729,734
September 1, 2019	\$295,036,305
September 1, 2020	\$299,305,226

IV. Interim RDM Adjustments

If at any time during the year, the total of cumulative Actual Billed Distribution Revenue excess/shortfall for the Company in total is estimated to be equal to or greater than 10% above or below the Company's ATR for the current RDM Year, the Company will petition the Commission for an interim adjustment prior to its next scheduled RDM Filing.

V. Adjustments to Rates

Adjustments to rates pursuant to the RDM Provision are subject to review and approval by the Commission. Modifications to the factors contained in this RDM Provision shall be in accordance with a notice filed with the Commission pursuant to R.I.G.L. § 39-3-11(a) setting forth the amount(s) of the revised factor(s) and the amount(s) of the increase(s) or decrease(s). The notice shall further specify the effective date of such charges.

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Record Request No. 4

Request:

At the customer's discretion, could the Company increase the amount of budget billing at the start of a customer's budget billing cycle. (The purpose being the higher budget billing amount would account for the upcoming increased rates so that a customer is more likely to be on schedule at the end of 6 months.)

Response:

Yes. The Company can increase the budget bill amount if the customer so requests.

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Record Request No. 6

Request:

The Company is scheduled to conduct a procurement for last resort service ("LRS") in October of 2022. Will that procurement have any impact on the proposed LRS winter rates running from October 1, 2022 through March 31, 2023? If not, what is the timing of when that procurement will impact LRS rates?

Response:

The Company's October 2022 LRS RFP does not impact the proposed LRS winter rates filed with the Commission on July 21, 2022.

The procurements resulting from the October 2022 LRS RFP are the fourth transactions for the Residential and Commercial Groups' April 2023 through September 2023 pricing period. If the 2023 LRS Procurement Plan is approved, the LRS rates for this pricing period will be filed after the Company's RFP in the first quarter of 2023.

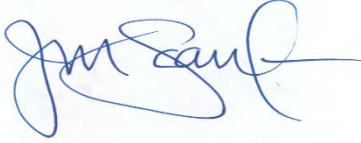
The October 2022 LRS RFP also is soliciting bids for the Industrial Group for the January 2023 through March 2023 pricing period.



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.



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Joanne M. Scanlon

September 22, 2022

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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