



STATE OF RHODE ISLAND
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Peter F. Neronha
Attorney General

March 10, 2023

Luly Massaro, Clerk
Public Utilities Commission
89 Jefferson Blvd.
Warwick, RI 02888
Luly.massaro@puc.ri.gov

**RE: *IN RE: THE NARRAGANSETT ELECTRIC COMPANY D/B/A RHODE ISLAND
ENERGY – LAST RESORT SERVICE (LRS) RATES***
Docket No: 4978

Dear Ms. Massaro:

Enclosed please find for filing an original and nine (9) copies of the Attorney General's Comments on Rhode Island Energy's Proposal to Recover Deferred Customer Charges in the above-referenced docket.

Thank you for your attention to this matter. Should you have any questions, please do not hesitate to contact me.

Sincerely,

/s/ Nicholas Vaz

Special Assistant Attorney General
nvaz@riag.ri.gov

Enclosures

Copy to: Service List

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

**IN RE: THE NARRAGANSETT ELECTRIC :
COMPANY’S LAST RESORT :
SERVICE (LRS) : DOCKET NO. 4978
PROCUREMENT PLAN :**

**ATTORNEY GENERAL’S COMMENTS ON
RHODE ISLAND ENERGY’S PROPOSAL TO RECOVER
DEFERRED CUSTOMER CHARGES**

NOW COMES Peter F. Neronha, Attorney General of the State of Rhode Island (“Attorney General”), and hereby provides the following comments outlining his position with respect to The Narragansett Electric Company d/b/a Rhode Island Energy’s (the “Company”) proposal to collect customer charges deferred during the six-month period beginning October 1, 2022 which was filed in the above-captioned dockets on December 13, 2022.

I. Background

On July 21, 2022, the Company proposed its Last Resort Service rates for residential and commercial electric customers for October 1, 2022 to March 31, 2023 (the “Winter Rates”). *See generally*, Proposed Last Resort Service Rates, Commission Docket No. 4978. Following review of the proposed rates in this docket, the Commission found that the Company had complied with its approved procurement plan. However, the Winter Rates were exceptionally high due to a variety of factors, including instability in the natural gas market. These high prices were mitigated through several methods, including \$32.5 million in rate credits evenly disbursed to all electric customers and large-scale arrearage forgiveness for low-income and protected customers secured by the Attorney General in settlement from PPL, targeted allocation of Regional Greenhouse Gas Initiative Funds, and deferral the Company’s customer charges for electric ratepayers.

With respect to the deferral of customer charges, the Public Utilities Commission (“Commission”) directed the Company at an Open Meeting held on September 23, 2022:

To defer collection of the customer charge for all customers in the A-16, A-60, and C-06 rate classes for a six-month period beginning October 1, 2022. The Company is authorized to book a regulatory asset for the deferred charges applicable to each fiscal year for recovery at a later date in a manner and timeline approved by the Commission. The deferred charges shall accumulate interest at the customer deposit rate. The Company is directed to file [] a proposal to recover the deferred charges. The Company is directed to consult with the parties in this docket before filing the proposal.

Accordingly, the Company deferred collection of the identified customer charges (collectively, the “Deferred Charges”), and filed its proposal for collection of the Deferred Charges on December 13, 2022 (the “Company Proposal”). The Company Proposal would essentially have the deferred customer charges paid back over the next six-month period, running from April 1, 2023 to September 30, 2023 by simply doubling the customer charge during that time. As a result, “customers in the A-16 (Basic Residential Rate) and A-60 (Low Income Rate) rate classes, the customer charge would be \$12 and for customers in the C-06 (Small Commercial and Industrial Rate) rate class, the customer charge would be \$20.” *See* Proposal to Recover Deferred Customer Charge, Oliveira Test., 5:15-19. Where applicable, the Low Income Rate discounts would be applied at the time of collection. *See id.* at 6:10-12. In the event of over-collection, the Company has proposed directing any additional funds to the Storm Contingency Fund. *See id.* at 6:3-6. Any under-collection would be addressed through the Revenue Decoupling Mechanism. *See id.*

II. Attorney General’s Proposed Alteration to the Company’s Proposal

As noted by the Company, supply rates are usually higher during the winter rate season. *See id.* at 7:7-10. Therefore, it stands to reason that collection of the Deferred Charges during the summer months (when heating bills are also significantly reduced or non-existent) will create less

hardship for Rhode Islanders living on a budget. However, the Attorney General would like to suggest a more targeted approach than the one put forth in the Company's Proposal.

Specifically, the Attorney General would suggest that the Commission consider approving collection of the Deferred Charges via equal payments during the three months when average bills are typically much lower: April, May, and June. In Attachment AG-2-1, the Company modeled the impacts of recovering the Deferred Customer Charges during that three-month period. AG-2-1 also accounts for expected supply rates and updated projections during this coming summer rate period. As the charts show, even if all of the deferred charges were collected from April through May, those months would remain the lowest electric bills for the average residential electric customer in both the A-16 and A-60 (low-income) rate classes. There may also be some additional savings for ratepayers on avoided interest, given that the full amount will be recovered sooner than it would have been under the Company's Proposed Plan.¹

III. Conclusion

When the customer charges were deferred, it was done to provide necessary relief during an extraordinary price spike. The Commission carefully considered and approved the deferral, knowing that the monies would need to be repaid by ratepayers. That same level of care is necessary when considering the potential impacts of various methods of recovering the Deferred Customer Charges, and it is essential that the parties in this docket make every effort to ensure that all options are considered. Based on the information provided by the Company, the Attorney General believes that the least-detrimental course of action is collection of the Deferred Charges

¹ The interest on the deferred charges is admittedly small. Even under the Company's Proposed Plan, total interest on the Deferred Charges is expected to be only \$57,000. *See Proposal to Recover Deferred Customer Charge, Oliveira Test.*, 6:16-17.

in equal amounts over April, May, and June of 2023. Accordingly, he provides the above-proposed alteration to the Company's Proposed Plan.

Respectfully submitted,

THE STATE OF RHODE ISLAND

PETER F. NERONHA
ATTORNEY GENERAL

By:

/s/ Nicholas M. Vaz
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Dated: March 10, 2023

CERTIFICATE OF SERVICE

I hereby certify that on the 10th day of March 2023, the original and nine (9) hard copies of this document were sent, via electronic mail and first-class mail, to Luly Massaro, Clerk of the Public Utilities Commission, 89 Jefferson Boulevard, Warwick, RI 02888. In addition, electronic copies of the document were served via electronic mail on the service list for this Docket on this date.

/s/ Nicholas M. Vaz