

**STATE OF RHODE ISLAND  
PUBLIC UTILITIES COMMISSION**

**THE NARRAGANSETT ELECTRIC COMPANY                    :**  
**d/b/a NATIONAL GRID’S RESIDENTIAL                    :**  
**ASSISTANCE PROVISION                                    :**  
**FOR EFFECT JULY 1, 2021                                :**

**DOCKET NO. 5156**

**ORDER**

**I. Introduction**

On May 14, 2021, 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 the Residential Assistance Provision (RAP) R.I. Gen. Laws § 39-2-1(d) and RIPUC No. 2239<sup>1</sup> for effect July 1, 2021.<sup>2</sup> The Residential Assistance Program comprises two elements: the Arrearage Management Adjustment Factor (AMAF) and the Low Income Discount Recovery Factor (LIDRF).

On June 21, 2021, the Division of Public Utilities and Carriers (Division) filed a memorandum recommending approval of National Grid’s proposed AMAF of \$0.00006/kWh and LIDRF of \$0.00196/kWh.<sup>3</sup>

At an Open Meeting held on June 29, 2021, based on the recommendation of the Division, the PUC voted unanimously to approve National Grid’s proposed 2021 factors, as filed.

**II. Arrearage Management Adjustment Factor**

The AMAF is designed to recover the total amount of arrearages forgiven by the Company from customers that have defaulted or opted out of their Arrearage Management Program (AMP) payment plan and the total amount of arrearages forgiven by the Company from customers that

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<sup>1</sup> See [https://www.rienergy.com/media/ri-energy/pdfs/billing-and-payments/tariffs/nm\\_provision\\_ripuc\\_2257.pdf](https://www.rienergy.com/media/ri-energy/pdfs/billing-and-payments/tariffs/nm_provision_ripuc_2257.pdf)

<sup>2</sup> National Grid’s 2021 Residential Assistance Recovery (Filing) (May 14, 2021). All filings in this docket are available at the PUC offices located at 89 Jefferson Boulevard, Warwick, Rhode Island or at <https://ripuc.ri.gov/eventsactions/docket/5156page.html>.

<sup>3</sup>Division Mem. (June 21, 2021).

have successfully completed their AMP payment plan.<sup>4</sup> The arrearages forgiven by the Company from unsuccessful payment plans are 100% recoverable under the tariff, while arrearages forgiven by the Company from successful payment plans are only recoverable if the Company experienced more than the total allowable bad debt for that calendar year.<sup>5</sup>

In support of its filing, National Grid submitted the direct testimony and schedules of Daniel E. Gallagher, Senior Analyst for New England Electric Pricing in the Regulation Department of National Grid USA Service Company, Inc. Mr. Gallagher proposed an AMAF of \$0.00006/kWh to recover a total of \$405,315 in arrearages forgiven under the Arrearage Management Program for the twelve-month period ending December 31, 2020.<sup>6</sup> Of that amount, \$357,571 was attributable to participants who defaulted from the program. An additional \$47,744 resulted from customers who voluntarily opted out of the Arrearage Management Program prior to successful completion.<sup>7</sup> For customers who successfully completed their payment plans, a total of \$493,702 in arrearages was forgiven in calendar year 2020.<sup>8</sup> Mr. Gallagher represented that the Company experienced \$4,593,632 less bad debt in CY 2020 than the adjusted allowable bad debt of \$13,431,976. Therefore, no amount of arrears forgiven for successful participants is eligible for recovery.<sup>9</sup>

To calculate the Arrearage Management Adjustment Factor, Mr. Gallagher added the amount of unsuccessful arrearage forgiveness, \$405,315, and the remaining under recovery of

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<sup>4</sup> 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).

<sup>5</sup> R.I. Gen. Laws § 39-2-1(d).

<sup>6</sup> Gallagher Test. at 6. Sch. DEG-1 at 1.

<sup>7</sup> *Id.* Sch. DEG-1, Page 2, Line 13.

<sup>8</sup> Gallagher Test at 8; Sch. DEG-1, Page.2, Line 11.

<sup>9</sup> Gallagher Test. at 8.

\$14,362 for the period ending June 30, 2020 for a total of \$419,677.<sup>10</sup> This amount was then divided by the forecasted deliveries for July 2021 through June 2022 of 6,962,842,812 kWh to result in the proposed AMA Factor of \$0.00006 per kWh.<sup>11</sup>

### **III. Low Income Discount Recovery Factor**

The LIDRF is designed to recover the estimated low-income discounts credited to the bills of Rate A-60 customers during the period July 1, 2021 through June 30, 2022, as well as the remaining under-recovery balance of revenue billed less discounts applied to Rate A-60 bills for the reconciliation period between July 1, 2019 and June 30, 2020.<sup>12</sup> Mr. Gallagher explained that the proposed LIDRF was calculated by estimating customers' bills on the A-60 rate and multiplying that amount by the effective discount rate of 25.8%, which is based upon actual low-income discounts at the 25% and 30% levels for the recovery period ending June 30, 2020. Mr. Gallagher's schedules showed that a total of 32,395 customers received discounts totaling \$12,573,083, with an effective discount rate of 25.8%.<sup>13</sup> The total low-income discount at 25.8% is estimated at \$12,076,075 for the 12-month period ending June 30, 2022.<sup>14</sup>

The total under-collection during the reconciliation period of July 2019 through June 2020 including interest was \$1,170,013, including accumulated interest as of June 30, 2020. That amount plus the estimated low-income discount of \$12,076,075 totals \$13,246,088. That total is

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<sup>10</sup> *Id.*; at 8-9. Sch. DEG-1, Page 2, Lines 11-15.

<sup>11</sup> Sch. DEG-1 at 1. The proposed factor is a decrease from the prior AMAF of \$0.00015 per kWh.

<sup>12</sup> Gallagher Test. at 3, 10. Pursuant to RIPUC No. 2239, the Company is required, on an annual basis, to estimate the discount to be provided to Rate A-60 customers.

<sup>13</sup> Sch. DEG-3 at 2, Line 37.

<sup>14</sup> Mr. Gallagher included schedules showing the calculation of estimated low-income discount, the low-income discount recovery factor, and the effective discount percentage calculation. *See* Schedule DEG-3.

then divided by the forecasted kWh's of 6,752,983,935<sup>15</sup> for all customer classes apart from the A-60 class from July 2021 through June 2022 to derive the proposed factor of \$0.00196 per kWh.<sup>16</sup>

Mr. Gallagher also explained that the Company is working with the Rhode Island Department of Human Services to auto enroll eligible customers onto Rate A-60. This effort will provide more low-income customers with reduced bills and help the Company identify additional households that could benefit from other low-income services. Since the exact timing and outcomes of this new process are unknown, the Company has not adjusted the estimate of the number of Rate A-60 customers and usage at this time.<sup>17</sup>

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

Mr. Gallagher reported that, for a typical residential customer using 500 kWh per month, the combined impact of the AMAF at \$0.00006/kWh and the LIDRF at \$0.00196/kWh would result in a monthly increase of \$0.06, or 0.1%, from \$110.14 to \$110.20.<sup>18</sup>

Mr. Gallagher 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 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, 2021. Therefore, to avoid any confusion that might arise from filing multiple versions of the Summary of Retail Delivery Service Rates, the

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<sup>15</sup> In the calculation of the proposed AMAF and LIDRF, the Company used the updated version of the Company's Fall 2020 kWh deliveries forecast which the Company submitted as part of its Annual Retail Rate Filing in Docket No. 5127, as directed by the PUC at an Open Meeting on December 22, 2020. This update was based on information that had become available since before the Fall 2020 forecast was released, particularly pertaining to the impacts of the COVID-19 pandemic. *Id.* at 13-14.

<sup>16</sup> *Id.* at 10. Schedule DEG-3, Page 1, Line (29). The proposed factor is an increase from the current LIDRF of \$0.00176 per kWh.

<sup>17</sup> Gallagher Test. at 11.

<sup>18</sup> Gallagher Test. at 14; Sch. DEG-5.

Company will file a revised Summary of Retail Delivery Service Rates incorporating all the rate changes effective for July 1, 2021 after the Commission has ruled on all the individual proposals.<sup>19</sup>

Accordingly, it is hereby

(24757) ORDERED:

1. The Narragansett Electric Company d/b/a National Grid's proposed 2021 Arrearage Management Adjustment Factor of \$0.00006/kWh for effect on July 1, 2021 is approved.
2. The Narragansett Electric Company d/b/a National Grid's proposed 2021 Low Income Discount Recovery Factor of \$0.00196/kWh, for effect on July 1, 2021 is approved.

EFFECTIVE AT WARWICK, RHODE ISLAND ON JULY 1, 2021 PURSUANT TO AN OPEN MEETING DECISION ON JUNE 29, 2021. WRITTEN ORDER ISSUED AUGUST 9, 2023.

PUBLIC UTILITIES COMMISSION



Ronald T. Gerwatowski, Chairman



Abigail Anthony, Commissioner



John C. Revens, Jr., Commissioner

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<sup>19</sup> Gallagher Test. at 4.

**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.