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May 8, 2024

VIA ELECTRONIC MAIL

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

**RE: Docket No. 23-50-EL - The Narragansett Electric Company d/b/a
Rhode Island Energy Long-Term Contracts for Renewable Energy and
Renewable Energy Certificates Pursuant to R.I. Gen. Laws § 39-26.1-1 et seq.
Response to Record Request**

Dear Ms. Massaro:

On behalf of Rhode Island Energy,¹ I have enclosed the Company's response to the record request issued at the Commission's evidentiary hearing on May 7, 2024 in the above-referenced docket.

Thank you for your attention to this matter. If you have any questions, please contact me at 401-316-7429.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Jennifer Brooks Hutchinson".

Jennifer Brooks Hutchinson

Enclosures

cc: Docket No. 23-50-EL Service List

¹ The Narragansett Electric Company d/b/a Rhode Island Energy ("Rhode Island Energy" or the "Company").

The Narragansett Electric Company
d/b/a Rhode Island Energy
RIPUC Docket No. 23-50-EL
Proposed Revisions to RFP for Long-Term Contracting Standard
for Renewable Energy and Renewable Energy Certificates
Pursuant to R.I. Gen. Laws § 39-26.1-3 et. seq.
Response to Record Request
Issued at the Commission's Evidentiary Hearing on
May 7, 2024

Record Request No. 1

Request:

Please provide a one-page schedule showing the change to the discount rate and include the components and the calculation.

Response:

The Company's Cost of Capital was approved in RIPUC Docket No. 4770 effective September 1, 2018, and was reported in RIPUC Docket Nos. 4770/4780 Compliance Attachment 2 in Schedule 1-ELEC Page 4 of 4, a copy of which is provided as Attachment RR-1.

The discount rate of 6.5% was assumed at the Company's After-Tax Weighted Average Cost of Capital (WACC) based on the following components: $\text{After Tax WACC} = \text{Pre-Tax WACC} * (1 - \text{Tax Rate})$. As shown on Attachment RR-1, the Pre-Tax WACC was 8.23% and Tax Rate was 21%. Thus, the calculation is as follows: $8.23\% * (1 - 21\%) = 6.50\%$.

The Narragansett Electric Company d/b/a National Grid
Cost of Capital
For the Test Year Ended June 30, 2017 and the Rate Year Ending August 31, 2021

Description	Capital Structure (a)	Cost Rate (b)	Weighted Return (c) = (a) x (b)	Taxes (d)	Pre-tax Return (e) = (c)+(d)
1 Short Term Debt	0.60%	1.76%	0.01%		0.01%
2					
3 Long Term Debt	48.35%	4.62% (1)	2.23%		2.23%
4					
5 Preferred Stock	0.10%	4.50%	0.00%		0.00%
6					
7 Total Common Equity	<u>50.95%</u>	<u>9.275%</u>	<u>4.73%</u>	<u>1.26% (2)</u>	<u>5.99%</u>
8					
9 Total Capitalization	<u><u>100.00%</u></u>		<u><u>6.97%</u></u>	<u><u>1.26%</u></u>	<u><u>8.23%</u></u>

Notes

- (1) Company's Effective Cost of Long Term Debt
- (2) Line 3(c) / (1-21%) - Line 3(c)

Column Notes

(a) As referenced in Pre-filed Direct Testimony of Robert B. Hevert, page 2 of 2 Lines 14 through 18

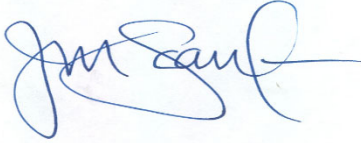
Line Notes

- 1(b) As referenced in Pre-filed Direct Testimony of Robert B. Hevert,, page 78 of 93 Line 13
- 3(b) As referenced in Pre-filed Direct Testimony of Robert B. Hevert,, page 78 of 93 Line 4
- 5(b) As referenced in Pre-filed Direct Testimony of Robert B. Hevert,, page 78 of 93 Line 10
- 7(b) Based on Settlement

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.



Joanne M. Scanlon

May 8, 2024

Date

**No. 23-50-EL- Rhode Island Energy's – Long-Term Contracts for Renewable Energy and Renewable Energy Certificates
Service List 5/1/2024**

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