

SUPREME COURT OF RHODE ISLAND

Narragansett Electric Co. v. Public Utilities Commission

773 A.2d 237 (R.I. 2001) · No. No. 2000-235-M.P. · Decided May 16, 2001

SUMMARY

The Rhode Island Supreme Court reviewed a Public Utilities Commission order requiring Narragansett Electric Company to refund approximately \$1.65 million in excess transmission charges to ratepayers. The court held that the Utility Restructuring Act's performance-based ratemaking provisions entitled ratepayers to the refund because the company's revenues compensated it for the relevant transmission costs and its return on equity did not trigger an additional recovery. The court affirmed the commission's decision, denied the petition for certiorari, and quashed the writ.

CASE DETAILS

COURT	Supreme Court of Rhode Island
WRITING FOR THE COURT	Lederberg, Justice; Williams, C.J.; Lederberg, J.; Bourcier, J.; Flanders, J.; Goldberg, J.
JURISDICTION	Rhode Island
DECIDED	May 16, 2001
DOCKET	No. 2000-235-M.P.
DISPOSITION	affirmed
PROCEDURAL POSTURE	Narragansett Electric petitioned for certiorari to review a Public Utilities Commission decision ordering it to refund approximately \$1.65 million in excess transmission-cost payments to ratepayers. The Supreme Court of Rhode Island granted the writ, reviewed the commission's decision, affirmed it, denied the petition, and quashed the writ.
STANDARD OF REVIEW	The court defers to the commission's factual findings and administrative judgments, which are presumed prima facie true and will not be disturbed unless the commission exceeded its authority or acted illegally, arbitrarily, or unreasonably. The court reviews whether the commission's findings are lawful and reasonable, fairly and substantially supported by legal evidence, and sufficiently specific. Statutory interpretation is reviewed de novo.
PRECEDENTIAL VALUE	Published Rhode Island Supreme Court opinion; precedential

PARTIES

Narragansett Electric Company v. Public Utilities Commission,
Division of Public Utilities and Carriers

TOPICS

judicial review of agency action

administrative law

statutory interpretation

legislative intent

writ of certiorari

PRACTICE AREAS

administrative law

public utilities regulation

statutory interpretation

appellate procedure

QUESTIONS PRESENTED

1. Whether the Utility Restructuring Act permitted Narragansett to retain a refund of excess transmission charges when it had received performance-based rate increases and had not experienced a return on equity below the statutory minimum.
2. Whether the Public Utilities Commission's factual findings and decision ordering the refund to ratepayers were lawful, reasonable, and supported by substantial evidence.
3. Whether the court should apply de novo review to the commission's interpretation of the Utility Restructuring Act while deferring to its factual findings.

HOLDINGS

1. Under the Utility Restructuring Act, an electric distribution company that received the authorized performance-based rate increases and did not experience a return on equity below 6 percent was not entitled to retain an additional refund for transmission costs; the refund belonged to the ratepayers.
2. The commission's finding that Narragansett was fully compensated for its 1997 and 1998 expenses, including increased transmission costs, was fairly and substantially supported by the evidence and did not exceed the commission's authority or constitute illegal, arbitrary, or unreasonable action.
3. The court defers to the commission's factual findings and administrative discretion but reviews statutory interpretations de novo.

KEY QUOTATIONS

"In addition, it is well settled that this Court reviews judgments and orders of the [commission] solely to determine whether the commission's findings are lawful and reasonable, fairly and substantially supported by legal evidence, and sufficiently specific to enable us to ascertain if the evidence upon which the commission based its findings reasonably supports the result." (773 A.2d at 240)

"In the absence of an underrecovery, any refund of those charges is owed to the ratepayers, in accordance with the equitable principles of Roberts and Blackstone Valley Electric Co. and in furtherance of the legislative intent set forth in the URA." (773 A.2d at 243)

FACTUAL BACKGROUND

The Utility Restructuring Act established performance-based ratemaking for Rhode Island electric distribution companies during 1997 and 1998, allowing rate increases tied to the consumer price index and limiting additional adjustments. Narragansett received \$18.1 million in performance-based rate increases, while New England Power Company charged it transmission rates that were later determined by FERC to include \$1,651,988 in excess payments. Narragansett's return on equity did not fall below the statutory 6 percent threshold, and the commission found that the performance-based increases compensated the company for its increased transmission costs. The commission therefore ordered the refund to be returned to ratepayers.

PROCEDURAL HISTORY

The Public Utilities Commission held a hearing in May 2000 and determined that a \$1,651,988 refund received from FERC-related transmission overpayments had to be passed through to ratepayers rather than retained by Narragansett's equity holders. Narragansett petitioned the Rhode Island Supreme Court for certiorari under General Laws § 39-5-1, and the court granted the writ under § 39-5-2. The court affirmed the commission's decision, denied the petition for certiorari, quashed the writ, and returned the record to the commission.

DISPOSITION

affirmed

REMAND INSTRUCTIONS

The court denied the petition for certiorari, quashed the writ previously issued, and returned the record to the Public Utilities Commission with the decision endorsed thereon.

CASES CITED

- Roberts v. Narragansett Electric Co., 470 A.2d 215 (R.I. 1984)
- Blackstone Valley Electric Co. v. Public Utilities Commission, 543 A.2d 253 (R.I. 1988)
- Providence Water Supply Board v. Public Utilities Commission, 708 A.2d 537, 541 (R.I. 1998)
- Providence Gas Co. v. Malachowski, 656 A.2d 949, 951 (R.I. 1995)
- Pine v. Malachowski, 659 A.2d 674, 676 (R.I. 1995)
- Providence Gas Co. v. Malachowski, 600 A.2d 711, 714 (R.I. 1991)
- South County Gas Co. v. Burke, 551 A.2d 22, 24 (R.I. 1988)
- In re Petition for Review Pursuant to § 39-1-30 of Ordinance Adopted by the City of Providence, 745 A.2d 769, 773 (R.I. 2000)
- In re Woonsocket Water Department, 538 A.2d 1011, 1013 (R.I. 1988)
- New England Telephone & Telegraph Co. v. Public Utilities Commission, 116 R.I. 356, 377, 358 A.2d 1, 15 (R.I. 1976)
- Providence Gas Co. v. Burman, 119 R.I. 78, 93, 376 A.2d 687, 695 (R.I. 1977)