

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: NARRAGANSETT ELECTRIC COMPANY :
COMPREHENSIVE RATE SETTLEMENT PLAN : DOCKET NO. 3617
AND REVENUE NEUTRAL ALLOCATED COST : DOCKET NO. 3610
OF SERVICE RATE FILING :

NOTICE OF PUBLIC HEARINGS

Pursuant to the provisions of Sections 39-1-1 and 39-3-11 of the General Laws, as amended, the Public Utilities Commission (“Commission”) will conduct public hearings on the following dates and locations:

August 23, 2004 @ 7:00 P.M.	Pawtucket City Hall, Council Chambers 137 Roosevelt Avenue Pawtucket, Rhode Island
August 25, 2004 @ 7:00 P.M.	Warwick City Hall, Council Chambers 3275 Post Road Warwick, Rhode Island
August 31, 2004 @ 7:00 P.M.	East Providence City Hall, Council Chambers 145 Taunton Avenue East Providence, Rhode Island

At these hearings the Commission will accept public comments regarding the above subject matter. The hearings may continue thereafter from day to day and time to time as required.

In this docket, the Commission will consider the propriety of two applications submitted by the Narragansett Electric Company (“Narragansett” or “Company”) seeking approval to implement new rates. The first application filed on June 7, 2004 in Docket 3610, relates to the Company’s proposed Revenue Neutral Allocated Cost of Service Rate Filing and a re-design of the distribution rates to generate the same level of distribution revenues authorized by the Commission. This filing was submitted pursuant to Section 23 of the Third Amended Stipulation and Agreement approved by the Commission in Docket 2930 (which dealt with the Company’s merger of the rates and operations of the former Blackstone Valley Electric Co. and Newport Electric Corp. into Narragansett Electric). As filed, the impact to a typical residential customer using 500 kWh per month will be a decrease of \$0.25 or 0.4 percent. The impact to other rate classes will vary.

The second application filed on June 29, 2004 in Docket 3617, relates to the Company’s filing of a comprehensive settlement (“Settlement”) among the Narragansett Electric, the Division of Public Utilities and Carriers, the Department of Attorney General, The Energy Council of Rhode Island, and the United States Department of the Navy. The Settlement provides the following:

- A reduction in Narragansett’s distribution rates by \$10.243 million per year.

- Ratepayers will receive an estimated \$22.8 million comprised of shared earnings, service quality penalties and bonus tax depreciation which is offset by the low income rate subsidy. Availability of these funds resulted from the merger and the current rate freeze approved in Docket No. 2930.
- Allows the Cities of Providence and East Providence to forego their share of the \$22.8 million refund and dedicate it to the undergrounding of the E-183 transmission line.
- A rate freeze in Narragansett's distribution service rates effective upon approval of the Settlement through December 31, 2009.
- A new rate design with a consolidation of rate classes.
- Resolution of the allocation of deferred uplift costs between the Company and its ratepayers.
- Continuation of the shared earnings feature of the prior settlement in Docket 2930 (which gave rise to a portion of the \$22.8 million customer credit.).

Approval of the Settlement will reduce the monthly bill of a residential customer using 500 kWh by \$2.84 or 4.44 percent in the first year of the Settlement. Acceptance of this Settlement will eliminate the need to consider the rate design proposal in Docket 3610, the Revenue Neutral Allocated Cost of Service Rate Filing. The Commission may approve different rates that made be higher or lower than those proposed by Narragansett.

The applications are on file for examination at the Commission's office and at the office of Narragansett Electric Company, 280 Melrose Street, Providence, Rhode Island. The filings can also be accessed at www.ripuc.org/eventsactions/docket/3617page.html and www.ripuc.org/eventsactions/docket/3610page.html.

Reference is made to Chapters 39-1, 39-3 and 42-35 of the Rhode Island General Laws; specifically Sections 39-1-7, 39-1-8, 39-1-11, 39-1-12, 39-1-16, 39-1-18, 39-1-20, 42-35-8 and 42-35-10.

THESE BUILDINGS ARE ACCESSIBLE TO THE HANDICAPPED. INDIVIDUALS REQUESTING INTERPRETER SERVICES FOR THE HEARING IMPAIRED MUST NOTIFY THE COMMISSION CLERK'S OFFICE AT 945-4500, SEVENTY-TWO HOURS IN ADVANCE OF HEARING DATE.

Luly E. Massaro
Commission Clerk
August 12, 2004