



State of Rhode Island and Providence Plantations

DEPARTMENT OF ATTORNEY GENERAL

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Patrick C. Lynch, Attorney General

September 28, 2009

Ms. Luly Massaro, Clerk
Public Utilities Commission
89 Jefferson Blvd.
Warwick, RI 02888

Re: Dkt. 4041

Dear Ms. Massaro,

The Division of Public Utilities and Carriers (“Division”) writes in response to the Commission’s Memorandum dated September 2, 2009 in the above-entitled docket. In that Memorandum, the Commission requested the parties to provide in their respective Post-Hearing Briefs¹ a response to the following question:

Rather than approving the SOS Procurement Plan as filed regarding the final 5% obligation for the first nine-month period of 2010, should the Commission consider requiring NGrid to procure the remaining 5% obligation for the period January 1, 2010 through September 30, 2010 from the spot market rather than through FRS contracts? Why or why not?

The Division does not have any opposition if the Commission requires NGrid to procure the remaining 5% obligation for the period January 1, 2010 through September 30, 2010 from the spot market rather than through FRS contracts. Such procurement would facilitate NGrid’s transition to a Managed Portfolio Approach as well as potentially enable NGrid to obtain a lower energy cost for that procurement. We believe any additional implementation costs the Company may incur and/or have to undertake to effect the procurement, will be minimal as NGrid already makes similar purchases in its New York service territory. Finally, by procuring 5% of the standard offer obligations from the spot market, the Commission would be able to gain some insight relative to that strategy from the results of that procurement without a significant amount of price volatility risk placed on the small customer group.

Thank you for your attention to this matter.

Very truly yours,

Leo J. Wold
Assistant Attorney General

cc: Service List

¹ The Division inadvertently omitted to address this issue in its Post-Hearing Brief.