

# Memorandum

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PUBLIC UTILITIES COMMISSION

**To: L. Massaro**

**Commission Clerk**

**From: D. R. Stearns**

**S. Scialabba**

**Division of Public Utilities & Carriers**

**Date: 05/25/2010**

**Re: Narragansett Electric – Large Customer Group Filing**

**Docket 4041**

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On May 19, 2010 Narragansett Electric Company d/b/a National Grid (“National Grid” or “Company”) filed with the Commission Standard Offer rates for the period July 1 through September 30, 2010 for the Large Customer Group.

The filing also contains information regarding contracts entered into by the Company for an additional 7.5% of the SOS requirement for the Small Customer Group for the period October 2010 through March 2011.

Included in the filing are:

- A calculation of the Standard Offer Rate for the Large Customer Group for each month of the service period;
- The Standard Offer Service tariff supplement. The tariff supplement also includes the Standard Offer Service rates approved by the Commission for the Small Customer Group for the period March 1 through September 30, 2010. The monthly Standard Offer rate for each customer group also includes:
  1. the Standard Offer adjustment factor approved by the Commission in Docket 4140,
  2. the proposed SOS Administrative Cost Factor approved by the Commission in Docket 4065; and
  3. the Renewable Energy Standard charge of \$0.00123 per kWh approved in Docket 4041.
- A typical bill analysis for each of the Large Customer Group rate classes;
- Standard Offer Service Requests for Proposals (“RFPs”) issued by Narragansett on April 8, 2010 for 100% of the Standard Offer Service supply for the Large Customer Group for the

period July 1 through September 30, 2010 and for 7.5% of the Small Customer Group requirements from October 2010 through March;

- Redacted summary of the procurement process;
- Redacted Master Power Agreements and redacted Transaction Confirmations for the period July 1 through September 30, 2010 for the Large Customer Group and for the period October 2010 through March 2011 for the Small Customer Group. Un-redacted versions have been filed under separate cover.

The total Standard Offer rates for the Large Customer Group by month are:

- July 2010: \$0.07019 / kWh. This is a decrease of \$0.00731, or 9.4% compared with the June Standard Offer rate of \$0.07750;
- August 2010: \$0.07372 / kWh. This is a decrease of \$0.00378, or 4.9% compared with the June Standard Offer rate;
- September 2010: \$0.06830 / kWh. This is a decrease of \$0.00920, or 11.9% compared with the June Standard Offer rate.

Renewable Energy Standard requirements are 4.5% and 5.5% in calendar years 2010 and 2011, respectively. The prices offered for RES certificates by bidders with the load requirements in this filing were higher than Company estimates of the market cost for RES certificates. Therefore, National Grid plans to attempt to procure the RES requirements through separate solicitations.

After review, the Division recommends Commission approval of the Large Customer Class Standard Offer Service rates for the months of July, August and September 2010 as filed.

Cc: Thomas Ahern,  
Administrator, Division of Public Utilities and Carriers