

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: 09/01/2010

Re: Narragansett Electric – Standard Offer Service Rate Filing: Docket 4041

On August 24, 2010 Narragansett Electric Company d/b/a National Grid (“Narragansett” or “Company”) filed with the Commission Standard Offer Service (“SOS”) rates for the period October through December 2010 for the Large Customer Group and October 2010 through March 2011 for the Small Customer Group.

Included in the filing are:

- A calculation of the Standard Offer Rate for the Large and small Customer Groups for each month of the service period(s);
- The Rate Schedule for Standard Offer Service;
- A typical bill analysis for each of the Small and Large Customer Rate Groups;
- A copy of the Request for Proposals issued by the Company soliciting 100% of the Standard Offer Service supply for the Large Customer Group for the period October through December 2010;
- A redacted summary of the procurement process identifying the key actions taken by the Company to procure Standard Offer for its customers (un-redacted versions provided under separate cover); and
- Redacted versions of the executed confidential Master Power Agreements and Transaction Confirmations for the period October through December for the Large Customer Group (un-redacted versions provided under separate cover).

The total monthly Standard Offer rates for the Large Customer Group for October through December 2010, including a Standard Offer Service Administrative Cost Factor of \$0.00102 / kWh and a Standard Offer Adjustment Factor of 0.00144 / kWh, are:

- October 2010: \$0.06901 / kWh.
- November 2010: \$0.07148 / kWh.
- December 2010: \$0.07571 / kWh.

The average of these three monthly rates equals \$0.07207.

The SOS rates during the previous three month period, July through September 2010, are \$0.07019 / kWh, \$0.07372 / kWh, and \$0.06830, respectively, for an average of \$0.07074 / kWh.

As presented on page 3 of 4 at Attachment 1 of the Company's filing, the average Standard Offer rate for the Small Customer Group for the 6-Month Period October 2010 through March 2011 is \$.09366 / kWh. This includes a Standard Offer Service Administrative Cost Factor of \$0.00117 / kWh and a Standard Offer Adjustment Factor of 0.00134 / kWh, and represents a decrease of \$0.00166 / kWh, or 1.74%, compared with the current Small Customer Group Standard Offer rate of \$0.09532 / kWh.

The typical 500 kWh monthly residential bill will decrease by \$0.87, or 1.0%, from \$82.88 to \$82.01.

The Renewable Energy Standard requirement is 4.5% in calendar year 2010. 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 requirement through separate solicitations.

After review, the Division recommends Commission approval of the Large Customer Class Standard Offer Service rates for the months of October, November and December 2010, and the Standard Offer Service rate for the Small Customer Group for the period October 2010 through March 2011, as filed.

Cc: Thomas Ahern,

Administrator, Division of Public Utilities and Carriers