

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION**

IN RE: NATIONAL GRID	:	
TARIFF ADVICE FILING TO AMEND	:	
R.I.P.U.C. NG-GAS NO. 101	:	
TO ELIMINATE NON-FIRM SALES	:	DOCKET NO. 4056
SERVICE AND UPDATE	:	
TRANSPORTATION SERVICE	:	
AGREEMENT	:	

REPORT AND ORDER

On May 2, 2009, Narragansett Electric Company, d/b/a National Grid (“NGrid” or “the Company”) filed a tariff advice seeking to amend its tariff to eliminate Non-Firm Sales Service and to update the current Transportation Service Agreement. In Docket No. 3943, NGrid proposed elimination of non-firm sales service which the Commission denied noting that the Company did not present “sufficient evidence to determine the full implications of eliminating non-firm sales service....”¹

In support of its tariff advice, NGrid submitted the testimony of Peter C. Czekanski, Manager of Pricing for National Grid Rhode Island – Gas. Mr. Czekanski indicated that in Docket No. 3943, the Company proposed elimination of this service which was supported by the Division. He noted that the Energy Council of Rhode Island (TEC-RI) suggested the request be held until such time as the Company was able to determine that no current customer using the non-firm sales service would be harmed by its elimination. Mr. Czekanski pointed out that NGrid had gathered information through a survey indicating that no current non-firm customer would be harmed should the Commission agree to permit the elimination of the non-firm sales service. Of the eight

¹ Order No. 19563.

marketers polled, he indicated that four had no restrictions on serving those non-firm customers and that the customers could obtain natural gas from them.²

Mr. Czekanski noted that in the event a non-firm customer was unable to obtain natural gas from a marketer, that customer would have several options including using alternative fuel sources, converting to firm sales from NGrid, or continuing to obtain gas from NGrid being charged at the transportation default rate for the first month and then at the non-firm unauthorized rate, which is the same rate as when using natural gas during a curtailment. Customers would be notified of the elimination of the non-firm sales tariff by letter to each of those customers which will include a list of active gas marketers with a follow up letter to follow after the Commission renders a decision. NGrid proposed a forty-five (45) day period within which customers can enter into an agreement with a marketer.³

Finally, Mr. Czekanski noted that other sections of the tariff referring to the non-firm sales service need to be removed. Additionally, NGrid's contact address and telephone number need to be updated and space needs to be added for customers to provide a contact in case there are telephone line issues associated with telemetering equipment.⁴

On May 21, 2009, The Division of Public Utilities and Carriers ("Division") filed a recommendation with the Commission. The Division noted that as of March 9, 2009, the number of customers on Non-Firm Gas Sales Service had declined from seventeen at the conclusion of the last rate case to nine. The Division opined that elimination of the Non-Firm Sales service will prevent future problems with respect to the determination of

² NGrid Tariff Advice Filing, Testimony of Peter C. Czekanski, May 1, 2009 at 1-4.

³ *Id.* at 4-6.

⁴ *Id.* at 7.

appropriate gas costs and avoid the firm service customers from subsidizing the non-firm costs.⁵

The Division responded to the concerns about Non-Firm Sales service customers from being able to obtain competitive supply as being unfounded. It indicated that there are presently four competitive suppliers willing to provide gas supply for NGrid's Non-Firm Sales service customers subject to their credit worthiness and willingness to sign standard gas supply contract. The Division noted that per NGrid, none of its remaining customers have issues with NGrid that would affect their credit worthiness. The Division also noted that the amount of time NGrid has offered for its Non-Firm Sales service customers to obtain competitive supply is reasonable and more than adequate.⁶

In light of the current market pricing, the Division pointed out that the current customers should be able to receive supply at rates below their average cost over the past few years. The Division found no evidence to suggest that these customers will not be able to obtain competitive supply or that credit considerations will be more of an impediment than they would for those customers obtaining utility provided supply. The Division recommended that the proposal to eliminate the Non-Firm Sales service be approved.⁷

TEC-RI submitted comments identifying a number of concerns with NGrid's tariff advice. It noted that NGrid has not presented any evidence that any of the current non-firm customers will not be harmed if the Commission approves the tariff advice. It cited the failure of the Company to poll customers as opposed to marketers. TEC-RI pointed out that NGrid did not identify the marketers and questioned how the marketers

⁵ Letter from the Division of Public Utilities and Carriers filed May 21, 2009 at 2.

⁶ *Id.* at 2-3.

⁷ *Id.* at 3.

could speak to customer interests especially when the marketers did not know who the customers were. Additionally, TEC-RI noted that NGrid did not ask sufficient questions of the marketers in order to assess the interests of the individual customers. TEC-RI suggested a number of questions about the characteristics of the customers that the Commission needed answers to prior to making a decision on the Company's tariff advice.⁸

Finally, TEC-RI indicated that NGrid provided no guarantee or assurance that the non-firm customers will served by a marketer. It also noted that the Company did not provide any evidence indicating that the marketers' credit requirements were the same as the Company's requirements. TEC-RI also asserted that the price penalty for the customer that cannot get firm service and cannot be served by a marketer is severe. Lastly, TEC-RI alleged that the time frame of 45 days within which a customer must enter into an agreement with a marketer is too short considering the internal procurement processes of certain customers.⁹

TEC-RI requested that the Commission find that NGrid's filing to be inadequate and order it to provide a report with the information TEC-RI noted was necessary to determine customer interests. It also requested that the Commission review the information contained in that report to identify instances where customers would be harmed by the elimination of the non-firm sales service without a remedy provided by NGrid. TEC-RI recommended that the Commission order a remedy simultaneously with its notice of intention to eliminate the non-firm sales service not less than ninety (90)

⁸ Public Comments of the Energy Council of Rhode Island, filed May 28, 2009 at 1-6.

⁹ *Id.* at 6-7.

days following its notice. Unless compelling evidence indicating harm would come to the non-firm customers, the Commission could then eliminate the tariff.¹⁰

In response to TEC-RI's comments, NGrid filed an amendment to its tariff proposal. The Company proposed to grandfather all non-firm sales customers as of June 1, 2009 until such time as that customer changes to firm service or obtains transportation service from a third-party marketer. NGrid noted that this amendment will ensure no current customer is harmed and leaves the decision of whether to terminate non-firm sales service with the specific customer.¹¹

On May 28, 2009, the Commission considered NGrid's tariff advice at an open meeting. In light of the comments submitted, the Commission suspended NGrid's request in order to further review the information submitted. TEC-RI filed a letter with the Commission on June 17, 2009 indicating that it found NGrid's modification of its original proposal to be satisfactory.¹² At an open meeting on June 25, 2009, the Commission approved NGrid's request to eliminate non-firm sales service conditioned upon NGrid's agreement to grandfather all non-firm sales customers as of June 1, 2009 until such time as that customer changes to firm service or obtains transportation service from a third-party marketer and approved NGrid's request to update the current transportation agreement.

Accordingly, it is hereby

(19712) ORDERED:

1. National Grid's proposal to eliminate Non-Firm Sales service is approved conditioned upon NGrid's agreement to grandfather all non-firm sales

¹⁰ *Id.* at 8.

¹¹ NGrid Letter in Response to TEC-RI comments, filed May 28, 2009.

¹² TEC-RI Letter to Commission, filed June 17, 2009.

customers as of June 1, 2009 until such time as that customer changes to firm service or obtains transportation service from a third-party marketer.

2. National Grid's request to update the current transportation agreement is approved.

EFFECTIVE AT WARWICK, RHODE ISLAND ON JUNE 25, 2009,
PURSUANT TO AN OPEN MEETING DECISION ON JUNE 25, 2009. WRITTEN
ORDER ISSUED JULY 16, 2009.

PUBLIC UTILITIES COMMISSION



Elia Germani, Chairman



Mary E. Bray, Commissioner

