

# Memorandum

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PUBLIC UTILITIES COMMISSION

To: L. Massaro

Commission Clerk

From: D. R. Stearns 

Rate Analyst, Division of Public Utilities & Carriers

Date: 1/28/2010

Re: Narragansett Standard Offer Filing: Docket 4140

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On January 11, 2010 the Narragansett Electric Company d/b/a National Grid ("Narragansett", or "Company") submitted to the Commission an Electric Retail Rate Filing ("Filing").

The proposed rates, based on reconciliations as of December 31, 2009 and certain forecast amounts, would be in effect for thirteen months, from March 1, 2010 through March 31, 2011. The March 1 implementation date coincides with distribution rate changes pending in Docket 4065.

In the past the Company filed the reconciliation each November, using actual balances as of September 30 and estimates for the remaining three months of the year. The approved rates were in effect for the subsequent calendar year January through December. In Docket 4041, the Company agreed to revise its reconciliation filing schedule so that the effective date of the reconciliation rate changes will coincide with the SOS rate changes effective April 1 of each year. For that reason, the Company intends to file future reconciliations in February, using actual balances as of December 31, with the rates effective beginning April 1.

The rates being proposed by the Company in this filing are as follows:

**SOS Adjustment Factors:**

1. Small Customer Group: \$0.00134 per kWh comprised of:
  - \$0.00135 / kWh for estimated SOS under recovery of 8,296,875 including interest during the recovery period, and;
  - Credit of (\$0.00001) / kWh to refund estimated LRS over recovery of \$40,126, including interest during the recovery period.
  
2. Large Customer Group: \$0.00144 per kWh comprised of:

- \$0.00135 / kWh for estimated SOS under recovery of 8,296,875 including interest during the recovery period, and;
- \$0.00009 / kWh for estimated LRS under recovery of about \$237,335, including interest during the recovery period.

**Transition Charge:**

\$0.00068 per kWh, comprised of:

- 2010 non-bypassable transition charge of \$0.00085 / kWh to collect \$6,743,839, and;
- Credit of (\$0.00017) / kWh to refund the estimated over collection at December 31, 2009 of \$1,359,772.

**Transmission Charge:**

- Base charges differ between rate classes. They are calculated in accordance with the Company's proposal in Docket RIPUC 4065, i.e., based on rate class contribution to the Company's monthly peak, and;
- Adjustment factor of (\$0.00003) to refund over collection at December 31, 2009 of \$253,069.

**Distribution kWh Surcharge to Rates G-32/B-32 and G-62/B-62:**

- Surcharge of \$0.00003/kWh for lost distribution revenue of \$103,976 resulting from Clariant Corporation's transfer from Rate G-62 to rate G-32.

**Credit for Low Income Rate A-60:**

A credit of (\$0.00419)/kWh would distribute an estimated \$995,978. This amount represents the remainder of the original \$8,000,000 credited to the low income rate class since 2005 per Commission rulings in Dockets 3710, 3788 and 3902. The Company proposes that the balance in the account at March 31, 2011, whether positive or negative, be credited to or collected from all customers through the transition reconciliation.

Application of these proposed rate adjustments will increase the typical monthly 500 kWh residential bill by \$0.37, or about 0.5%, from \$79.71 to \$80.08.

After review of the filing and the Company's responses to Commission data requests, and discussion with a Company representative, the Division recommends approval of the proposed rate adjustments, with an effective date of March 1, 2010, billed for usage on and after March 1.

Cc: Thomas Ahern,

Administrator, Division of Public Utilities and Carriers