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PUBLIC UTILITIES COMMISSION

Memorandum

To: L. Massaro
Commission Clerk

From: D. R. Stearns
S. Scialabba
Division of Public Utilities & Carriers

Date: 09/07/2011

Re: Narragansett Electric – Standard Offer Rate Filing: Docket 4149

On August 17, 2011 Narragansett Electric Company d/b/a National Grid (“National Grid” or “Company”) filed with the Commission Proposed Standard Offer Service Rates for the Industrial Group for the Period October 2011 through December 2011.

Also included in the filing are initial and final bids and final executed power supply contracts as follows:

Industrial Group: 100% of the load for October through December 2011;

Commercial Group: 20% of the load from January through June 2012; and

Residential Group: 15% of the load from January through December 2012.

Included in the filing are:

- A calculation of the Standard Offer Service (“SOS”) retail rates for the Industrial Group for each month of the service period;
- The Standard Offer Service tariff supplement. This supplement reflects the proposed rates for the Industrial Class for the period October through December 2011;
- A typical bill analysis for the SOS Industrial Group;
- A copy of SOS Request for Proposals (“RFPs”) to solicit SOS supply issued on July 8, 2011 for the period October through December 2011 for the Industrial Group, January through December 2012 for the Residential Group, and January through June 2012 for the Commercial Group.

- A redacted summary of the procurement process, with an un-redacted version supplied under separate cover, and;
- Redacted versions of the executed confidential Transaction Confirmations for October through December 2011 for the Industrial Group, January through December 2012 for the Residential Group, and January through June 2012 for the Commercial Group. Un-redacted versions of the Transaction Confirmations have been supplied under separate cover.

The Standard Offer rates proposed for the Industrial Customer Group for October through December, 2011, including the Standard Offer Adjustment Factor of \$0.00075 and Administrative Cost Factor of \$0.00115 approved in Docket 4226 effective April 1, 2011 are:

- October 2011: \$0.06119 / kWh. This is a decrease of \$0.00537 compared with the July through September average Standard Offer rate;
- November 2011: \$0.06404 / kWh. This is a decrease of \$0.00252 compared with the July through September average Standard Offer rate;
- December 2011: \$0.07634 / kWh. This is an increase of \$0.00978 compared with the July through September average Standard Offer rate.
- The three month average of the proposed Industrial Group SOS Rates is \$0.06719, compared with the current three-month average of \$0.06656. This represents an increase of \$0.00063, or about 0.9465%, per kWh.

The Company states that, because the prices of RES certificates from the winning bidders of this procurement for the Residential and Commercial Groups were greater than National Grid's estimate of market cost for RES certificates, no certificates were included in the purchases of energy for those groups. The RES price for the Industrial Group, however, was lower than National Grid's estimate of the market cost of RECs, therefore the RECs are included in the purchase of energy for the Industrial Group.

After review the Division has determined the filing is in compliance with the instructions issued by the Commission at open meeting August 5, 2010 and written Order Number 20125, issued September 23, 2010.

Cc: Thomas Ahern,

Administrator, Division of Public Utilities and Carriers