

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID'S PROPOSED 2011 STANDARD  
OFFER SERVICE RATES AND RESULTS OF  
COMPETITIVE PROCUREMENT FOR THE INDUSTRIAL,  
COMMERCIAL AND RESIDENTIAL GROUPS

DOCKET 4149

**REPORT AND ORDER**

**I. Introduction**

On February 23, 2011, Narragansett Electric Company d/b/a National Grid (“National Grid”) filed its Proposed Standard Offer Service (“SOS”) Rates for the Industrial Group for the period April 2011 through June 2011, and for the Residential and Commercial Groups for the period April 2011 through December 2011. These proposed rates were filed in compliance with the Commission’s decision on August 5, 2010 approving the 2011 SOS Procurement Plan (“Approved Plan”) submitted by National Grid on March 1, 2010.<sup>1</sup> In addition to its proposed 2011 SOS rates, National Grid included in its February 23, 2011 filing the results of its competitive procurement process relating to the Industrial Group for the period April 1, 2011 through June 30, 2011, the Commercial Group for the period April 1, 2011 through June 30, 2012 and the Residential Group for the period April 1, 2011 through December 31, 2012. The results of the procurement process were shared with the Division on February 10, 2011.

**II. Compliance Filing**

As part of its February 23, 2011 filing, and in accordance with the Approved Plan, National Grid reported to the Commission that it completed its full requirements service (“FRS”) contract procurements for 100 % of the Industrial Group load for the period

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<sup>1</sup> See Order No. 20125 (Docket 4149), issued September 23, 2009, for the Commission’s approval of National Grid’s 2010 SOS Procurement Plan.

April 2011 through June 2011. For the Residential and Commercial Group, the Company has procured 35% of the load from FRS contracts for the period April 2011 through December 31, 2011, and the Company has also procured 20% of the Commercial load from FRS contracts for the period January 2012 through June 2012 and 30% of the Residential load from FRS contracts for the period January 1, 2012 through December 31, 2012.<sup>2</sup> The Company explained the procurement process in great detail, disclosing salient facts about all stages of the procurement process. A copy of the Request for Power Supply Proposals was provided to the Commission which included the Company's criteria for evaluating bids and the confidential identity of bidders. The Company issued its Request for Proposals ("RFP") on January 7, 2011 and awarded final bids on February 9, 2011. The retail rate approved for the each customer group is based on the monthly FRS contract prices awarded for each customer load. For the Residential and Commercial Groups, the retail rate is based on FRS contract prices awarded for the group, plus an estimated cost of procuring 5% of the load from spot market purchases.<sup>3</sup> In light of the direct relationship between retail rates and contract prices, the Company disclosed in its filing the current wholesale power market conditions, explaining that electric prices have declined since the date of the Company's last RFP in November of 2010.<sup>4</sup> The Company further explained that rates do not include the cost to fulfill the RES requirement since the RES bids received by the Company were higher than the Company's market cost estimates to purchase RES certificates; therefore, in accordance

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<sup>2</sup> Docket 4149, National Grid's Proposed Standard Offer Service Rates for the Industrial Group for the period April 2011 through June 2011 and for the Residential and Commercial Group for the period April 2011 through December 2011 / Results of Competitive Procurement for the Period April 2011 through June 2011 for the Industrial Group, April 2011 through June 2012 for the Commercial Group, April 2011 through December 2012 for the Residential Group, Attachment 5, p. 1.

<sup>3</sup> Id., p. 4.

<sup>4</sup> Id., p. 3.

with the Approved Plan, the Company will attempt to fulfill its RES requirement through separate solicitations.<sup>5</sup>

The base SOS energy rates proposed by the Company in this filing, which do not include Standard Offer Adjustment Factors, SOS Administrative Cost Factors or RES Charges, are designated to be effective as follows<sup>6</sup>:

Residential Group (April 1, 2011 – December 31, 2011)		\$0.0683/kWh
Commercial Group-Fixed (April 1, 2011- December 31, 2011)		\$0.06875/kWh
Commercial Group-Variable	April 2011	\$0.07020/kWh
	May 2011	\$0.06856/kWh
	June 2011	\$0.06576/kWh
	July 2011	\$0.06965/kWh
	August 2011	\$0.07019/kWh
	September 2011	\$0.06633/kWh
	October 2011	\$0.06754/kWh
	November 2011	\$0.06854/kWh
	December 2011	\$0.07188/kWh
Industrial Group	April 2011	\$0.06211/kWh
	May 2011	\$0.06218/kWh
	June 2011	\$0.06091/kWh

### III. Division's Position

On March 24, 2011, the Division submitted a Memorandum from Rate Analyst, David Stearns, and Chief Accountant, Stephen Scialabba, summarizing National Grid's compliance filing and finding it consistent with the Commission's decision on August 5, 2010 and written order on September 23, 2010. The Division provided a schedule of SOS rates which included the Standard Offer Adjustment Factors, SOS Administrative Cost Factors and Renewable Energy Standard Charge that were filed separately in Docket 4226 and noted that the retail rates proposed for all three customer groups represent

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<sup>5</sup> Id., p. 3.

<sup>6</sup> Id., Attachment 2, p. 1.

reductions from existing rates.<sup>7</sup> The Division stated the main reason for this rate reduction was the decrease in power supply costs for the period April to December of 2011. The Division noted that the bill impact of these market conditions on a typical residential customer is a rate reduction of approximately 17%.<sup>8</sup>

#### **IV. Commission Findings**

On March 31, 2011, at an Open Meeting, the Commission considered the filings of National Grid and the Division and found that National Grid's procurement process conformed with the 2011 SOS Procurement Plan approved by the Commission on August 5, 2010 and by written Order No. 20125 issued September 23, 2010. The rates filed by National Grid on February 23, 2011 for the Industrial Group for the period April 2011 through June 2011 and for the Residential and Commercial Groups for the period April 2011 through December 2011 are hereby approved. The Commission notes that the foregoing rates represent reductions to rates currently in effect for all three customer groups with the largest reductions occurring within the Residential Group.

National Grid shall file its Standard Offer Service rates for the Industrial Group in May of 2011 for the next procurement period covering July, August and September of 2011. Accordingly, it is hereby

(20344) ORDERED:

1. Narragansett Electric Company d/b/a National Grid's procurement process presented to the Commission on February 23, 2011 is in compliance with the previously approved 2010 SOS Procurement Plan as it relates to the Industrial, Commercial and Residential Groups.

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<sup>7</sup> Division Memorandum, pgs. 3-4.

<sup>8</sup> Id., p. 4.

2. Narragansett Electric Company d/b/a National Grid shall file its Standard Offer Service rates for the Industrial Group in May of 2011 for the next procurement period covering July, August and September of 2011;
3. The Standard Offer Service rate filed by Narragansett Electric Company d/b/a National Grid on February 23, 2011 for the Residential Group for the period from April 1, 2011 through December 31, 2011, excluding the Standard Offer Administrative Cost Factor, the Standard Offer Adjustment Factor and the RES Charge, is hereby approved at \$0.06836/kWh;
4. The Standard Offer Service rate filed by Narragansett Electric Company d/b/a National Grid on February 23, 2011 for the Commercial Group with a Fixed Price Option for the period from April 1, 2011 through December 31, 2011, excluding the Standard Offer Administrative Cost Factor, the Standard Offer Adjustment Factor and the RES Charge, is hereby approved at \$0.06875/kWh.
5. The Standard Offer Service rates filed by Narragansett Electric Company d/b/a National Grid on February 23, 2011 for the Commercial Group with a Variable Price Option for the period from April 1, 2011 through December 31, 2011, excluding the Standard Offer Administrative Cost Factor, the Standard Offer Adjustment Factor and the RES Charge, are hereby approved and effective as follows: April – \$0.07020/kWh, May- \$0.06856/kWh, June- \$0.06576/kWh, July- \$0.06965/kWh, August- \$0.07019/kWh, September- \$0.06633/kWh, October- \$0.06754/kWh, November- \$0.06854/kWh, December- \$0.07188/kWh;

6. The Standard Offer Service rates filed by Narragansett Electric Company d/b/a National Grid on February 23, 2011 for the Industrial Group for the period from April 1, 2011 through June 30, 2011, excluding the Standard Offer Administrative Cost Factor, the Standard Offer Adjustment Factor and the RES Charge, are hereby approved and effective as follows: April, 2011- \$0.06211/kWh, May, 2011- \$0.06218/kWh, June- \$0.06091/kWh;
7. Narragansett Electric Company d/b/a National Grid shall comply with all other instructions contained in this Order.

EFFECTIVE AT WARWICK, RHODE ISLAND ON MARCH 31, 2011  
PURSUANT TO AN OPEN MEETING DECISION ON MARCH 31, 2011. WRITTEN  
ORDER ISSUED MAY 5, 2011.

PUBLIC UTILITIES COMMISSION



  
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Elia Germani, Chairman

  
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Mary E. Bray, Commissioner

  
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Paul J. Roberti, Commissioner