

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 August 17, 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 October 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, 2010.¹ In addition to its proposed 2011 SOS rates, National Grid included in its August 17, 2011 filing the results of its competitive procurement process relating to the Industrial Group for the period October 1, 2011 through December 31, 2011, the Commercial Group for the period January 1, 2012 through June 30, 2012 and the Residential Group for the period January 1, 2012 through December 31, 2012. The results of the procurement process were shared with the Division on August 10, 2011.²

II. Compliance Filing

As part of its August 17, 2011 filing, and in accordance with the Approved Plan, National Grid reported to the Commission that it completed its full requirements service

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

² National Grid's Proposed Standard Offer Service Rates for the Industrial Group for the period October 2011 through December 2011 and Results of Competitive Procurement for the period October 2011 through December 2011 for the Industrial Group, January 2012 through June 2012 for the Commercial Group and January 2012 through December 2012 for the Residential Group, Attachment 5, p.2.

("FRS") contract procurements for 100 % of the Industrial Group load for the period October 1, 2011 through December 31 2011. For the Residential Group, the Company has procured 15% of the load from FRS contracts for the period January 1, 2012 through December 31, 2012. For the Commercial Group, the Company has procured 20% of the load from FRS contracts for the period January 1, 2012 through June 30, 2012.³ 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.⁴ The Company issued its Request for Proposals ("RFP") on July 8, 2011 and awarded final bids on August 10, 2011.⁵ 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, excluding administrative cost adders and an estimated cost of procuring 10% of the load from spot market purchases.⁶ 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 on May 11, 2011.⁷ 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,

³Id., Attachment 5, p. 1.

⁴ Id., Attachment 4.

⁵ Id., Attachment 5, p.2.

⁶ Id., Attachment 5, p. 3.

⁷ Id.

in accordance with the Approved Plan, the Company will attempt to fulfill its RES requirement through separate solicitations.⁸

The Company provided a calculation of the proposed SOS retail rates for the Industrial Group.⁹ These rates, including the Standard Offer Adjustment Factor and Standard Offer Administrative Cost Factor, are as follows: October 2011 - \$0.06119 per kWh, November 2011 - \$0.06404 per kWh and December 2011 - \$0.07634 per kWh.¹⁰

III. Division's Position

On September 7, 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 noted that the SOS rates included the Standard Offer Adjustment Factor, Standard Offer Administrative Cost Factor that were approved by the Commission separately in Docket 4226¹¹ and noted that the retail rates proposed for the Industrial Customer Group represents an average increase of about 0.9465% per kWh from existing rates.¹²

IV. Commission Findings

On September 21, 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

⁸ Id.

⁹ Id., Attachment 1, p. 1.

¹⁰ Id., Attachment 2, p. 1. Includes the SOS base charge of \$0.05929, \$0.06214 and \$0.07444 for October 2011, November 2011 and December 2011, respectively, the Standard Offer Administrative Cost Factor of \$0.00115, and the Standard Offer Adjustment Factor of \$0.0075.

¹¹ Approved effective April 1, 2011.

¹² Division Memorandum, pg. 2.

filed by National Grid on August 17, 2011 for the Industrial Group for the period October 2011 through December 2011 are hereby approved.

National Grid shall file its Standard Offer Service rates for the Industrial Group in November of 2011 for the next procurement period covering January, February and March 2012. Accordingly, it is hereby

(20486) ORDERED:

1. Narragansett Electric Company d/b/a National Grid's procurement process presented to the Commission on August 17, 2011 is in compliance with the previously approved 2010 SOS Procurement Plan as it relates to the Industrial Group;
2. Narragansett Electric Company d/b/a National Grid shall file its Standard Offer Service rates for the Industrial Group in November of 2011 for the next procurement period covering January, February and March 2012;
3. The Standard Offer Service rates filed by Narragansett Electric Company d/b/a National Grid on August 17, 2011 for the Industrial Group for the period from October 1, 2011 through December 31, 2011 including the Standard Offer Administrative Cost Factor and Standard Offer Adjustment Factor, are hereby approved and effective as follows: October, 2011- \$0.06119 per kWh, November, 2011- \$0.06404 per kWh, December, 2011 - \$0.07634 per kWh;
4. Narragansett Electric Company d/b/a National Grid shall comply with all other instructions contained in this Order.

EFFECTIVE AT WARWICK, RHODE ISLAND ON OCTOBER 1, 2011
PURSUANT TO AN OPEN MEETING DECISION ON SEPTEMBER 21, 2011.
WRITTEN ORDER ISSUED SEPTEMBER 30, 2011.

PUBLIC UTILITIES COMMISSION



Elia Germani

Elia Germani, Chairman

Mary E. Bray

Mary E. Bray, Commissioner

Paul J. Roberti

Paul J. Roberti, Commissioner