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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: 12/09/2011**

**Re: Narragansett Electric – Standard Offer Rate Filing: Docket 4227**

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On November 18, 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 January through March 2012 and for the Residential Group and the Commercial Group for the period January through June 2012.

Also included in the filing are the Results of Competitive Procurement for the following groups and time periods:

Industrial Group: 100% of the load for January through March 2012;

Commercial Group: 30% of the load from January through December 2012; and

Residential Group: 15% of the load from January 2012 through December 2013.

Included in the filing are:

- A calculation of the Standard Offer Service (“SOS”) retail rates for the Industrial, Commercial, and Residential Groups for each month of the service period;
- The Standard Offer Service tariff supplement. This supplement reflects the proposed rates for the Industrial Group for the period January through March 2012 and the Residential and Commercial Groups for the period January through June 2012;
- A typical bill analysis for each of the SOS customer groups;
- A copy of SOS Request for Proposals (“RFPs”) to solicit SOS supply issued on October 7, 2011 for the period January 2012 through December 2013 for the Industrial, Residential and Commercial Groups.

- A redacted summary of the procurement process, and;
- Redacted versions of the executed confidential Transaction Confirmations for January through March 2012 for the Industrial Group, January through December 2012 for the Commercial Group, and January 2012 through December 2013 for the Residential Group.

Un-redacted versions of the Procurement Summary, Master Power Agreement, and Transaction Confirmations have been supplied under separate cover.

The base Standard Offer rate proposed for the Residential Customer Group for January through June 2012, excluding the current Standard Offer Adjustment Factor of \$(0.00041), the Administrative Cost Factor of \$.00138, and the Renewable Energy Charge of \$(0.00031) is \$0.07492/kWh. This is an increase of \$.00656/kWh, or 9.6%, compared with the current Standard Offer Charge of \$0.06836/kWh.

The fixed price option base Standard Offer rate proposed for the Commercial Customer Group for January through June 2012, excluding the Standard Offer Adjustment Factor of \$0.00027, the Administrative Cost Factor of \$0.00128, and the Renewable Energy Charge of \$(0.00031) is \$0.07257/kWh. This is an increase of \$0.00382/kWh, or 5.56%, compared with the current fixed price option charge of \$0.06875/kWh.

The six-month average of the variable price option base Standard Offer rates proposed for the Commercial Customer Group for January through June 2012, excluding the Standard Offer Adjustment Factor of \$0.00027, the Administrative Cost Factor of \$0.00128, and the Renewable Energy Charge of \$(0.00031) is \$0.07219/kWh. This is an increase of \$0.00419/kWh, or 6.15%, compared with the current average variable price option charge of \$0.06800/kWh.

The Standard Offer rates proposed for the Industrial Customer Group for January through March, 2012, excluding the Standard Offer Adjustment Factor of \$0.00075, the Administrative Cost Factor of \$0.00115, and the Renewable Energy Charge of \$(0.00031) are:

- January 2012: \$0.08414/kWh. This is an increase of \$0.01885/kWh compared with the October through December 2011 average Standard Offer rate of \$0.06529;
- February 2012: \$0.07800/kWh. This is an increase of \$0.01586/kWh compared with the October through December 2011 average Standard Offer rate of \$0.06529;
- March 2012: \$0.06150/kWh. This is a decrease of \$0.00379/kWh compared with the October through December average Standard Offer rate of \$0.06529.
- The three month average of the proposed Industrial Group SOS Rates is \$0.07455, compared with the current three-month average of \$0.06529. This represents an increase of \$0.00926, or about 14.2%, per kWh.

The Division has included an attachment with this memorandum. Attachment A provides a calculation comparing the proposed Standard Offer rates with Standard Offer rates during the most

recent period for each customer group. The rates presented on the attachment reflect Standard Offer Base charges only, and do not include the Standard Offer Adjustment Factor, the Standard Offer Administrative Cost Factor, or the Renewable Energy Charge of \$(0.00031).

The Company states that, because the prices of RES certificates from the winning bidders of this procurement were greater than National Grid's estimate of market cost for RES certificates, no certificates were included in the purchases.

After review the Division has determined the filing is in compliance with the order issued in the Standard Offer Procurement Plan submitted by the Company and approved by the Commission at open meeting July 29, 2011 in Docket number 4227.

Cc: Thomas Ahern,  
Administrator, Division of Public Utilities and Carriers

Attachment

NARRAGANSETT ELECTRIC COMPANY  
 PROPOSED STANDARD OFFER RATES  
 COMPARED WITH CURRENT STANDARD OFFER RATES  
 BASE RATES EXCLUDING ADJUSTMENTS  
 DOCKET 4227

RATE CLASS(ES)	PROPOSED SOS RATE \$ PER KWH	CURRENT SOS RATE \$ PER KWH	INCREASE (DECREASE) \$ PER KWH	PERCENT INC (DEC) \$ PER KWH
Residential Group	\$ 0.07492	\$ 0.06836	\$ 0.00656	9.6%
<b>Commercial Group: Fixed Price Option:</b>				
January - June 2012	\$ 0.07257	\$ 0.06875	\$ 0.00382	5.56%
<b>Commercial Group: Variable Price Option:</b>				
Jan-12	\$ 0.08549	Jul-11 \$ 0.06576	\$ 0.01973	30.00%
Feb-12	\$ 0.08279	Aug-11 \$ 0.06965	\$ 0.01314	18.87%
Mar-12	\$ 0.06867	Sep-11 \$ 0.07019	\$ (0.00152)	-2.17%
Apr-12	\$ 0.06643	Oct-11 \$ 0.06633	\$ 0.00010	0.15%
May-12	\$ 0.06557	Nov-11 \$ 0.06754	\$ (0.00197)	-2.92%
Jun-12	\$ 0.06417	Dec-11 \$ 0.06854	\$ (0.00437)	-6.38%
6-Month Average	\$ 0.07219	\$ 0.06800	\$ 0.00419	6.15%
<b>Industrial Group</b>				
Jan-12	\$ 0.08414	Oct-11 \$ 0.05929	\$ 0.02485	41.91%
Feb-12	\$ 0.07800	Nov-11 \$ 0.06214	\$ 0.01586	25.52%
Mar-12	\$ 0.06150	Dec-11 \$ 0.07444	\$ (0.01294)	-17.38%
Three-Month Average:	\$ 0.07455	\$ 0.06529	\$ 0.00926	14.18%

**NOTE: Standard Offer Rates Above are Base Rates, and do not include Charges listed below:**

Additional Standard Offer Service Charges: \$ Per kWh				
	S.O.S. Adjustment Factor	S.O.S. Administrative Cost Factor	Renewable Energy Charge	Totals
Residential	\$ (0.00041)	\$ 0.00138	\$ (0.00031)	\$ 0.00066
Commercial	\$ 0.00027	\$ 0.00128	\$ (0.00031)	\$ 0.00124
Industrial	\$ 0.00075	\$ 0.00115	\$ (0.00031)	\$ 0.00159