

# Memorandum

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PUBLIC UTILITIES COMMISSION

To: L. Massaro

Commission Clerk

From: D. R. Stearns

S. Scialabba

Division of Public Utilities & Carriers

Date: 03/14/2012

Re: Narragansett Electric – Standard Offer Rate Filing:

Docket 4227

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On February 21, 2012 Narragansett Electric Company d/b/a National Grid (“Company” or “NGrid”) filed with the RI Public Utilities Commission (“Commission”) two documents in Docket 4227:

- Proposed Standard Offer Service (“SOS”) Rates for the Industrial Group for the Period April through June 2012, and;
- The proposed Renewable Energy Standard (“RES”) charge for 2012, effective April 2012 through March 2013.

This memorandum provides an overview and the Division’s position regarding the proposed Industrial Group Standard Offer rates.

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

Industrial Group: 100% of the supply for April through June 2012;

Commercial Group: 30% of the supply from July through December 2012;

Residential Group: 15% of the supply from July through December 2012 and

20% of the supply from January through June 2013.

Included in the filing are:

- Proposed Industrial retail prices for effect April, May and June 2012, supported by a schedule showing the calculation of those retail Standard Offer rates;
- A typical bill analysis showing the bill impact of the proposed Industrial rates with a comparison to rates currently in effect;

- The Standard Offer tariff supplement reflecting the proposed rates for the Industrial Group for the period April through June 2012;
- A copy of SOS Request for Proposals (“RFPs”) to solicit SOS supply issued on January 9, 2012 for the period April 2012 through June 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 April through June 2012 for the Industrial Group, July through December 2012 for the Commercial Group, and July 2012 through June 2013 for the Residential Group.

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

The Standard Offer rates proposed for the Industrial Customer Group for April through June, 2012, including the Standard Offer Adjustment Factor of \$0.00075, Administrative Cost Factor of \$0.00115 and Renewable Energy Credit factor of (\$0.00031), currently in effect, are:

- April 2012: \$0.04926/kWh. This is a decrease of \$0.02688/kWh compared with the January through March 2012 average Standard Offer rate of \$0.07614;
- May 2012: \$0.04868/kWh. This is a decrease of \$0.02746/kWh compared with the January through March 2012 average Standard Offer rate of \$0.07614;
- June 2012: \$0.04479/kWh. This is a decrease of \$0.03135/kWh compared with the January through March 2012 average Standard Offer rate of \$0.07614.
- The three month average of the proposed Industrial Group SOS Rates is \$0.04758, compared with the current three-month average of \$0.07614. This represents a decrease of \$0.02856, or about 37.5%, per kWh.

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, RES adders were not included in the final purchase prices. The Company will attempt to procure the required certificates through separate solicitations.

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 this docket.

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