

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: 05/25/2012

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

On May 21, 2012 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 July 2012 through September 2012 and for the Residential Group and the Commercial Group for the period July 2012 through December 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 July through September 2012;

Commercial Group: 30% of the load from July 2012 through June 2013; and

Residential Group: 20% of the load from January 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 Summary of Rates tariff, including the proposed rates for July through December 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 April 6, 2012 for the period July 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 Master Power Agreement and Transaction Confirmations for July through September 2012 for the Industrial Group, July 2012 through June 2013 for the Commercial Group, and January 2013 through December 2013 for the Residential Group.

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

The base Standard Offer rate proposed for the Residential Customer Group for July through December 2012, including the current per-kWh Standard Offer Adjustment Factor of \$0.00016 and the Administrative Cost Factor of \$0.00121, and excluding the Renewable Energy Charge of \$0.00253 is \$0.06674/kWh. This is a decrease of \$0.00955/kWh, or 12.5%, compared with the current Standard Offer Charge of \$0.07629/kWh.

The fixed price option base Standard Offer rate proposed for the Commercial Customer Group for July through December 2012, including the current per-kWh Standard Offer Adjustment Factor of \$0.00184 and Administrative Cost Factor of \$0.00115, and excluding the Renewable Energy Charge of \$0.00253 is \$0.05969/kWh. This is a decrease of \$0.01587/kWh, or 21.0% compared with the current fixed price option charge of \$0.07556/kWh.

For commercial customers on the variable (monthly) price option, the rate in July, including the SO Administrative Cost factor and the SO Adjustment Factor, will be \$0.05993. The comparable June 2012 rate is \$0.06716. The change from June to July for customers on this pricing option is a reduction of \$0.00723, or 10.7%. Monthly SO rates will fluctuate for customers taking this option from a low of \$0.05590 in September, to a high of \$0.06846 in December 2012.

The Standard Offer rates proposed for the Industrial Customer Group for July through September, 2012, including the current per-kWh Standard Offer Adjustment Factor of \$(0.00332) and the Administrative Cost Factor of \$0.00100, and excluding the Renewable Energy Charge of \$0.00253 are:

- July 2012: \$0.04446/kWh. This is an increase of \$0.00079/kWh compared with the April through June 2012 average Standard Offer rate of \$0.04367/kWh;
- August 2012: \$0.04447/kWh. This is an increase of \$0.00080/kWh compared with the April through June 2012 average Standard Offer rate of \$0.04367/kWh;
- September 2012: \$0.04507/kWh. This is an increase of \$0.00019/kWh compared with the April through June average Standard Offer rate of \$0.04367/kWh.
- The three month average of the proposed Industrial Group SOS Rates is \$0.04467, compared with the current three-month average of \$0.04367. This represents an increase of \$0.00100, or 2.29%, 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 charges including the Standard Offer Adjustment Factor and the Standard Offer Administrative Cost Factor, and exclude the Renewable Energy Charge of \$0.00253 per kWh.

National Grid evaluated the cost of obtaining RES certificates associated with the load requirements from the bidders versus the market cost of certificates. The winning bidders of this SOS procurement did not include a price for the RES adder, therefore National Grid did not include RES adders in the final prices. The Company will attempt to procure the RES requirements 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 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: July - Dec. 2012	\$ 0.06674	\$ 0.07629	\$ (0.00955)	-12.5%
Commercial Group: Fixed Price Option:				
July - December 2012	\$ 0.05969	\$ 0.07556	\$ (0.01587)	-21.00%
Commercial Group: Variable Price Option:				
Jul-12	\$ 0.05993	Jan-12 \$ 0.08704	\$ (0.02711)	-31.15%
Aug-12	\$ 0.05959	Feb-12 \$ 0.08434	\$ (0.02475)	-29.35%
Sep-12	\$ 0.05590	Mar-12 \$ 0.07022	\$ (0.01432)	-20.39%
Oct-12	\$ 0.05646	Apr-12 \$ 0.06942	\$ (0.01296)	-18.67%
Nov-12	\$ 0.05866	May-12 \$ 0.06856	\$ (0.00990)	-14.44%
Dec-12	\$ 0.06846	Jun-12 \$ 0.06716	\$ 0.00130	1.94%
6-Month Average	<u>\$ 0.05983</u>	<u>\$ 0.07446</u>	<u>\$ (0.01462)</u>	<u>-19.64%</u>
Industrial Group:				
Jul-12	\$ 0.04446	Apr-12	\$ 0.00079	* 1.82%
Aug-12	\$ 0.04447	May-12	\$ 0.00080	* 1.84%
Sep-12	<u>\$ 0.04507</u>	Jun-12	<u>\$ 0.00140</u>	<u>* 3.21%</u>
Three-Month Average:	<u>\$ 0.04467</u>	<u>\$ 0.04367</u>	<u>\$ 0.00100</u>	<u>2.29%</u>
* Monthly proposed rates compared with Avg. of 3 months of prior period				

NOTE: Standard Offer Rates above include the charges listed below.

Rates above do not include the applicable Renewable Energy Charge of \$0.00253 / kWh.

Additional Standard Offer Service Charges: \$ Per kWh

	S.O.S. Adjustment Factor	S.O.S. Administrative Cost Factor	Totals
Residential	\$ 0.00016	\$ 0.00121	\$ 0.00137
Commercial	\$ 0.00184	\$ 0.00115	\$ 0.00299
Industrial	\$ (0.00332)	\$ 0.00100	\$ (0.00232)