

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: 09/14/2012

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

On August 16, 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 October 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 October through December 2012;

Commercial Group: 30% of the load from January 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 Group for October through December 2012, along with a typical bill analysis and a comparison of proposed rates compared with current rates;
- The Summary of Rates tariff reflecting the proposed industrial rates for October through December 2012;
- A copy of SOS Request for Proposals (“RFPs”) to solicit SOS supply, issued on July 6, 2012 for the time periods listed above for the Industrial, Commercial and Residential Groups;
- A redacted summary of the procurement process, and;

- Redacted versions of the executed confidential Transaction Confirmations for October through December 2012 for the Industrial Group, January through June 2013 for the Commercial Group, and January 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 Standard Offer rates proposed for the Industrial Customer Group for October through December 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:

- October 2012: \$0.04598/kWh. This is an increase of \$0.00131/kWh compared with the July through September 2012 average Standard Offer rate of \$0.04467/kWh;
- November 2012: \$0.04748/kWh. This is an increase of \$0.00281/kWh compared with the July through September 2012 average Standard Offer rate of \$0.04467/kWh;
- December 2012: \$0.05799/kWh. This is an increase of \$0.01332/kWh compared with the July through September average Standard Offer rate of \$0.04467/kWh.
- The three month average of the proposed Industrial Group SOS Rates is \$0.05048, compared with the July through September three-month average of \$0.04467. This represents an increase of \$0.00581, or 13.0%, per kWh.

National Grid evaluated the cost of obtaining RES certificates ("RECs") from the winning bidder of the industrial group requirements versus the market cost of certificates. Because the REC price of the winning bidder of this SOS procurement was higher than the Company's estimated market price of RECs, National Grid 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