

March 17, 2011

VIA HAND DELIVERY & ELECTRONIC MAIL

Luly E. Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

RE: Petition for Review of the Use of Backup Rates

Dear Ms. Massaro:

On behalf of National Grid¹ I have enclosed ten copies of the Company's petition requesting that the Rhode Island Public Utilities Commission establish a docket to consider the issue of whether electric backup rates should be continued, modified, or terminated.

Thank you for your attention to this transmittal. If you have any questions, please feel free to contact me at (401) 784-7667.

Very truly yours,



Thomas R. Teehan

Enclosure

cc: Leo Wold, Esq.
Steve Scialabba, Division

¹ The Narragansett Electric Company d/b/a National Grid ("National Grid" or the "Company").

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
RHODE ISLAND PUBLIC UTILITIES COMMISSION

National Grid
Backup Rate Petition

Docket No. _____

Petition for Review of the Use of Backup Rates

National Grid¹ submits this petition requesting that the Commission establish a docket to consider the issue of whether electric backup rates should be continued, modified, or terminated. Many policy issues revolve around the continued treatment of backup rates. In the Company's last electric rate case (Docket 4065), a question was raised regarding the continued viability and benefit of backup rates.² Although the Commission determined that it had insufficient evidence to rule on the question, it stated in its written decision and order that "the Commission will open a separate docket to evaluate the impact of this proposal." Docket 4065, Decision and Order at 148.

Opening such a docket would not only allow the Commission to deal globally with the issues relating to backup rates, but would also provide the Commission an opportunity to address the backup rate exemption that was established as part of the

¹ The Narragansett Electric Company d/b/a National Grid ("National Grid" or the "Company").

² The Company's backup rates are Rates B-32 and B-62.

Second Amended Stipulation and Settlement.³ As part of that settlement, the parties agreed that on-site non-emergency Customer-sited Generation Facilities powered by Eligible Renewable Energy Resources would be exempted from the backup rates.⁴ The exemption was to apply until the installation of 3 MW aggregate of nameplate capacity was achieved. That 3 MW limit has since been reached and exceeded. The Company seeks guidance from the Commission on the continuation or adjustment of that tariff exemption and its limitation. In light of the Commission's expressed decision to open a docket to address backup rates, the Company has not, to date, sought clarification on whether the tariff's 3 MW limitation should be continued.

A docket on the continued viability of backup rates necessarily would involve a policy determination in which the Commission would be able to consider the impact of any cross subsidies that may occur as a result of elimination of the back up rates. In that context, the basic purpose and benefits of backup rates can be weighed against the policy and benefits of eliminating them. In a separate proceeding such as this, the Commission also could take into account how the lost revenues would be allocated among rate classes in the event the back up rates were altered or terminated.

In light of the foregoing, the Company respectfully requests that the Commission proceed to open a docket for the purpose of evaluating the continued and appropriate role of backup rates.

³ The Second Amended Stipulation and Settlement was approved by the Commission on October 7, 2004 in Docket 3617.

⁴ The settlement agreement included as an exhibit the tariff language to effectuate that exemption provision. (Exhibit 2, Second Amended Stipulation and Settlement)

Respectfully submitted,

**THE NARRAGANSETT ELECTRIC
COMPANY**

By its attorney,



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