STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: THE NARRAGANSETT ELECTRIC COMPANY, d/b/a NATIONAL GRID'S 2012 ELECTRIC RETAIL RATE FILING AND 2012 RES CHARGE AND RECONCILIATION	:	DOCKET NOS. 4314, 4227

REPORT AND ORDER

I. Introduction

On February 16, 2012, Narragansett Electric Company d/b/a National Grid ("National Grid" or "Company") filed its 2012 Electric Retail Rate Filing requesting approval of a series of charges and adjustments resulting from the Company's annual reconciliation of its Standard Offer Service, Transmission and Transition charges. On February 21, 2012, National Grid also filed its proposed Renewable Energy Charge for 2012. The Company proposed an effective date of April 1, 2012 for each of these filings. If approved as filed, the proposals would result in an increase on the monthly bill of a typical residential customer using 500kWh per month of $3.83, from $73.96 to $77.79.[1] The effect on other rate classes varies based on rate design factors. The Commission has consolidated these filings into one proceeding in the interest of efficiency.

The filing included the proposed Standard Offer Service ("SOS") Adjustment Factors to recover the estimated under recovery of SOS expense for the period ending December 31, 2011 and the SOS Administrative Cost Factors for the period April 1, 2012 through March 31, 2013 plus the under recovery of SOS administrative expense for the period ending December 31, 2011. The filing also included proposed Transition Charge for 2012 comprised of the 2012 charges plus a transition charge credit factor to refund the

[1] National Grid Exhibit 1A (Pre-Filed Testimony of Jeanne A. Lloyd) at Schedule JAL-20, p. 1 of 18 and National Grid Exhibit 2 at Attachment 3, p. 1 of 18.

transition charge over recovery for the period January through December 2011. The Company also proposed a Transmission Service Charge based upon the estimated 2012 transmission expenses to be billed to National Grid and a Transmission Service Adjustment Factor credit designed to refund the over collection of transmission expense during the reconciliation period ending December 2011. The Company also proposed Transmission Uncollectible Factors designed to collect the projected transmission uncollectible expense allowance for the period April 1, 2012 through March 31, 2013. Additionally, the Company proposed to eliminate a distribution kWh surcharge that had previously been approved to collect the distribution portion of net metering credits paid to customers during 2008, 2009 and 2010.[2]

As part of its filing, National Grid proposed a change to the manner in which it recovers the cost of the credits paid to eligible net metering customers. Commencing April 1, 2012, National Grid proposed to recover Renewable Generation Credits ("RGCs") paid to eligible customers, together with payments made to renewable Qualifying Facilities ("QFs") that are in excess of payments received by the Company from ISO-NE for the power generated by these facilities through a uniform per kWh Net Metering Charge applicable to all customers.[3]

On February 21, 2012, the Company filed its 2012 Renewable Energy Standard ("RES") Charge and Reconciliation. The 2012 RES Charge was proposed for effect April 1, 2012 through March 31, 2013 and was designed to recover from customers the

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[2] National Grid Exhibit 1A (Pre-Filed Testimony of Jeanne A. Lloyd), pp. 2-4.
[3] National Grid Exhibit 1A at 4.

estimated costs associated with the 2012 RES obligation year and an estimate of remaining costs related to the 2011 RES obligation year.[4]

II. 2012 Electric Retail Rate Filing

In support of its proposed factors, National Grid submitted the Pre-Filed Testimony of Jeanne A. Lloyd, Manager of Electric Pricing, New England in the Regulation and Pricing group of the National Grid USA Service Company, Inc. and James L. Loschiavo, Lead Analyst in Regulatory Pricing for National Grid USA Service Company, Inc.

A. SOS Adjustment Factor and Reconciliation

Ms. Lloyd explained that National Grid had incurred a total net under collection of $151,347 and was requesting separate SOS Adjustment Factors for each of the three customer groups. She noted that this recovery is consistent with the fact that National Grid procures and prices SOS separately for Residential, Commercial and Industrial customers and also tracks the revenue and expenses separately for each group.[5] She explained that the Company develops the SOS Adjustment Factor for each group by reconciling the SOS revenues and expenses annually, charging customers for under collections or crediting customers for over collections during the recovery period April 1 through March 31 in the following year.[6] In this case, the Company also made an adjustment to exclude the SOS portion of the Renewable Generation Credits to reflect a proposed change to the Net Metering Tariff through which the Renewable Generation Credits will be recovered in the distribution charge. The purpose of excluding the SOS

[4] National Grid Exhibit 2 (Letter Filing), p. 1.
[5] National Grid Exhibit 1A at 5-6.
[6] *Id.* at 6-8.

portion from the calculation of the SOS Adjustment Factors is to avoid double recovery through both mechanisms.[7]

The recovery period in this case is April 1, 2012 through March 31, 2013 while the reconciling period is January 1, 2011 through December 31, 2011. Ms. Lloyd's calculations also include the final accounting of the period October 2008 through December 31, 2009, shown as an adjustment to the April 2011 SOS balance. Similarly because the Company will continue to recover the 2010 under collections through March 31, 2012, any remaining over- or under-collection for the period January 1, 2010 through December 31, 2010 will be appear in the 2013 reconciliation as an adjustment in April 2012.[8]

B. SOS Administrative Cost Adjustment Factor and Reconciliation

The SOS Administrative Cost Adjustment Factors allow the Company to recover administrative costs associated with arranging SOS. National Grid reconciles these administrative costs with its revenue associated with the recovery of its administrative costs on an annual basis. Any excess or deficiency, including interest, is refunded or recovered from SOS customers in the subsequent year.[9] Ms. Lloyd listed all of the costs that are recovered under this provision: working capital, administrative costs of complying with the Renewable Energy Standard, costs of creating the environmental disclosure label, costs associated with NEPOOL's Generation Information System attributable to SOS, costs associated with SOS procurement, costs associated with customer notification of SOS rate changes, costs associated with updating the billing system with rate changes, allowance for SOS-related uncollectible accounts receivables

[7] *Id.* at 9.
[8] *Id.* at 7-8.
[9] *Id.* at 9.

at a previously approved rate of 0.94%.[10] With the exception of the uncollectible factor, the factor is calculated based on the actual expense incurred during 2011, allocated to each customer group based on its share of forecasted SOS kWhs during the April 2012 through March 2013 period. The uncollectible factor, conversely, is based on an estimate of expected revenues from each customer group for the period April 2012 through March 2013 and any under- or over-collection from the prior period multiplied by 0.94%.[11]

C. Transition Charge and Adjustment Factor

The Transition Charge recovers from all retail delivery service customers the Contract Termination Charges billed to the Company by New England Power, including the Montaup Electric Company. The Company also reconciles the revenue it bills to customers under the Transition Charge against the charges it is billed by NEP and is permitted to propose a Transition Charge adjustment Factor to refund or collect any over- or under-recovery of those costs from all customers.[12]

The proposed Transition Charge for 2012 is 0.063 cents per kWh which is comprised of the base Transition Charge calculated at 0.081 cents per kWh reduced by a credit factor of 0.018 cents per kWh designed to refund the Transition Charge over-recovery for calendar year 2011.[13] Ms. Lloyd explained various adjustments that are included in the Transition Reconciliation, including the ending under-recovery balance of the Low Income Credit, an over-refund of the over-recovery incurred from October 2008 through December 2009, and a credit representing the transition portion of two customer

[10] *Id.* at 10.
[11] *Id.* at 10-11.
[12] *Id.* at 12-13.
[13] *Id.* at 13.

billing adjustments.[14] Additionally, Ms. Lloyd noted that the Company adjusted the total over-recovery of transition expense to remove the transition portion of the RGCs currently reflected in transition charge revenue. Finally, Ms. Lloyd explained that through March 31, 2012, National Grid will continue to refund the over recovery to customers incurred in calendar year 2011 and the remaining balance will be reflected as an adjustment in April 2012 and will be included in the transition charge calculation in the 2013 Retail Rate filing.[15]

D. Transmission Charge and Adjustment Factor

The Transmission Service Cost Adjustment Provision allows the Company to recover costs billed to the Company by the Independent System Operator of New England ("ISO-NE") and New England Power ("NEP").[16] ISO-NE is one of 3 regional transmission organizations in the country, the primary function of which is to ensure the safety and reliability of New England's interstate transmission system. The Company allocates transmission costs based on each customer class' contribution to New England Power's monthly peak.[17] Thus, each customer class has a base transmission charge which reflects its particular allocation of transmission costs for the current year. A uniform adjustment factor is applied to this base transmission charge in order to recover from, or refund to, customers under or over-recoveries of the transmission charge from the prior year.[18]

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[14] *Id.* at 16, 25. The low income credit which resulted from the disbursement of a prior settlement agreement was terminated in March 2011, but the reconciliation showed that $389,071 was over refunded to customers. Therefore, pursuant to Commission Order No. 20344 (Issued May 5, 2011), this money is being collected through the Transition Charge as shown through an adjustment in April 2011. (Schedule JAL-9).
[15] National Grid Ex. 1A at 16-17.
[16] R.I.P.U.C. No. 2036.
[17] National Grid Ex. 1A at 18.
[18] *Id.*

For 2012, the Company forecasted transmission expenses of $135.5 million, an increase from 2011 of approximately $14.9 million.[19] In his pre-filed testimony, Mr. Loschiavo explained that of the $14.9 million increase, $10.9 million results from increased expenses to NEP's overall revenue requirement which is charged to Narragansett through the Local Network Services ("LNS") tariff approved by the Federal Energy Regulatory Commission ("FERC"). Narragansett's Pool Transmission Facilities ("PTF") costs increased by a net of $5.1 million as a result of an estimated increase in the Regional Network Services ("RNS") charge based on the growth in PTF transmission plant investment forecasted to be "in service" during 2012 across New England, reduced by the estimated decrease in Narragansett's PTF load. The remainder was made up of decreases to other ISO ancillary and administrative charges.[20]

The Company also proposed a Transmission Service Adjustment Factor credit of (0.026 cents per kWh) to refund an over collection of $2.0 million plus interest for the period January 2011 through December 2011.[21] Ms. Lloyd explained that she removed the transmission portion of the RGCs currently reflected in transmission charge revenue.[22] She explained various adjustments that had been made to transmission service, including an adjustment that represented the difference between estimated and actual expenses in 2010, a credit for the transmission portion of two customer billing adjustments previously discussed, and the final reconciliation adjustments for the under-recovery for the period October 2008 through December 2009.[23]

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[19] *Id.* at 17
[20] National Grid Exhibit 1B (Pre-Filed Testimony of James L. Loschiavo) at 15-16.
[21] National Grid Exhibit 1A at 19.
[22] *Id.* at 20.
[23] *Id.* at 21.

Pursuant to the Transmission Service Cost Adjustment Provision, the Company is permitted to include an allowance for uncollectible accounts receivable which is calculated as 0.94% of the expected transmission revenue to be collected from each rate class during the period April 1, 2012 through March 31, 2012. The rate class uncollectible amount is then divided by the expected kWh deliveries for the same period.[24] Ms. Lloyd also prepared a reconciliation of the transmission uncollectible expense for the period ending December 31, 2011, the result of which was an under-recovery of $79,000. The Company proposed to carry over this balance to the next reconciliation period of January 1, 2012 through December 31, 2012 because the amount is too small to result in a billable charge.[25]

G. Distribution kWh Surcharge Relating to Net Metering

Discussing the changes to the payment to renewable generators under the Net Metering Tariff which was approved by the Commission for effect on December 21, 2011, Ms. Lloyd noted that the Company has been collecting costs related to RGCs separately through the SOS charge, the Transmission Charge and the Transition Charge. However, referencing the Division of Public and Utilities and Carriers' question in the Net Metering docket as to whether it would be more appropriate to recover the SOS portion of RGCs from all customers rather than just SOS customers since that methodology is more consistent with the method of recovering the above market costs of long-term contracts for renewable generation, Ms. Lloyd stated that the Company agreed that this would be appropriate. Therefore, she indicated that National Grid would be collecting the total cost of the RGC, net of payments National Grid received from ISO-

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[24] *Id.* at 23.
[25] *Id.* at 23-24.

NE, from all customers through a single rate recovery mechanism.[26] However, because the net amount to be recovered from customers for calendar year 2011 is $75,780, insufficient to produce a billable factor, the Company proposed to defer recovery until next year's annual reconciliation filing.[27] With regard to the 0.001 cent per kWh charge currently included in distribution rates to collect costs associated with Net Metering in 2010, it will continue through March 31, 2012 and any over- or under-recovery will be included as an adjustment in the Net Metering Charge reconciliation in the month of April 2012.[28]

H. Treatment of Lost Revenue and Penalties

In Docket 4140, the Commission approved a recovery factor of $0.00003 to be applied to the B-32, B-62, G-32 and G-62 rates as a result of the transfer of Clariant Corporation from the G-62 to G-32 rate.[29] The Company reported lost revenues associated with Clariant Corporation's transfer to the G-32 rate in the amount of $103,976.[30] The Company reported recovery of $85,591 during the period March 2010 through March 31, 2011, leaving a remaining balance of $18,385 yet to be recovered. Ms. Lloyd proposed to include this remaining balance as a reduction to the G-32/B-32 and G-62/B-62 billed revenue in the Revenue decoupling filing ("RDM") to be submitted on May 15, 2012.[31]

In 2010, National Grid incurred a Service Quality Penalty ("SQ Penalty") in the amount of $386,991. Ms. Lloyd explained that similar to the proposal for the lost

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[26] *Id.* at 28-29. The Company will avoid double recovery by removing collection through the various rate mechanisms as described earlier in this Order.
[27] *Id.* at 30-31.
[28] *Id.* at 32.
[29] Id., p. 27; Commission Order No. 20031 (Docket 4140).
[30] *Id.* at 33.
[31] *Id.*

revenue from Clariant Corporation, the Company proposed to include the Service Quality penalty as an increase to the total Company billed revenue in the RDM filing. Thus, neither the lost distribution revenue nor the SQ Penalty would have an effect on the rates in this docket.[32]

IV. 2012 Renewable Energy Standard ("RES") Charge and Reconciliation

On February 21, 2012, the Company requested approval of a Renewable Energy Standard ("RES") charge of 0.253 cents per kWh, effective April 1, 2012 through March 31, 2013, for the purpose of recovering from customers the estimated costs associated with complying with the requirements of the RES for the 2012 RES obligation year and an estimate of the remaining costs for complying with the requirements of the RES for the 2011 RES obligation year.[33] This request is an increase of 0.284 cents per kWh on the RES Charge.[34]

In its filing, National Grid noted that the market for New Renewable Energy Certificates ("RECs") is tightening. The Company indicated that there is a projected shortfall of 2011 REC supply resulting from recent decreases in supply and the increase in RES requirements (demand for RECs) around New England. According to National Grid, low energy prices have resulted in smaller renewable facilities choosing not to run because they cannot cover their operating costs. In addition, there are several renewable facilities in New York that have stopped importing into New England because they recently won contracts with NY buyers. Therefore, the projected shortfall has resulted in

[32] *Id.* at 33-34.
[33] National Grid Exhibit 2 (2012 RES Charge and Reconciliation Filing), p. 1.
[34] In 2011, the Renewable Energy Charge was a credit, primarily resulting from an over collection in the prior period.

a "sharp increase" in New REC prices to over $55 in Rhode Island compared to $20 in early 2011.[35]

The RES Charge was calculated by estimating the market price for New RECs for 4.5 percent of National Grid's deliveries adjusted for line loss, plus the estimated market price for Existing RECs for 2.0 percent of National Grid's deliveries adjusted for line loss plus the estimated under-collection of expenses necessary to meet the 2011 RES obligation.[36]

V. Division's Position

On March 15, 2012, the Division of Public Utilities and Carriers ("Division") submitted two Memoranda to the Commission. The first was prepared by Stephen Scialabba, Chief Accountant and David R. Stearns, Rate Analyst V, recommending approval of the rates proposed by National Grid in its Retail Rate Filing and RES Filing. In addition, the Division recommended approval of National Grid's proposed tariff changes to the Net Metering Tariff, noting that "current RI law (39-26.4-3(6)(c)) requires that the net metering surcharge be 'embedded in the distribution component of the rates on customer bills.'"[37] Finally, the Division did not oppose the Company's proposal to include the SQ Penalty in the RDM filing in May 2012.[38]

In a second Memorandum, Richard Hahn, the Division's expert witness, summarized the Company's filing and determined that the factors and charges were consistent with the underlying data and orders in previous dockets.[39] With regard to the transmission charges, Mr. Hahn suggested that additional detail and explanation

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[35] National Grid Exhibit 2 at 2.
[36] National Grid Exhibit 2 at Attachment 1.
[37] Division Exhibit 1 at 1.
[38] *Id.* at 2.
[39] Division Exhibit 2 at 1-2.

regarding the increase in LNS rates should be provided. He proposed that in future filings, "the amount of [Construction Work in Progress] ("CWIP") in prior rates associated with specific projects should be deducted from projected capital additions for a future rate year."[40] He also questioned the lack of availability of an estimate of the RNS rate compared to prior years.[41] With regard to the RES Charge, Mr. Hahn suggested that National Grid should take a more proactive approach with its procurement plan for RECs in order to mitigate exposure to upward pressure on REC market prices given the tightening of the REC market.[42]

VI. Hearing

On March 28, 2012, following public notice, the Commission conducted an evidentiary hearing at its offices at 89 Jefferson Boulevard, Warwick, Rhode Island for the purposes of reviewing National Grid's filings. The following appearances were entered:

FOR NATIONAL GRID:	Thomas Teehan, Esq.
FOR THE DIVISION:	Leo Wold, Esq. Assistant Attorney General
FOR THE COMMISSION:	Cynthia G. Wilson-Frias, Esq. Senior Legal Counsel

Following public comment, National Grid presented Jeanne Lloyd, James Loschiavo and Margaret Janzen, Director of Wholesale Electric Supply for National Grid, in support of the Company's filings. Ms. Lloyd clarified that the reconciliation of the uncollectible factor is designed to allow the Company to collect 0.94 percent of its actual revenues and does not necessarily equate to the number that was embedded into

[40] *Id.* at 2.
[41] *Id.*
[42] *Id.*

rates. So, for the reconciling period in this case, the revenues were lower than projected. She explained that the uncollectible expense is also lower, but because the revenues were less than expected, the uncollectible factor built into prior rates was insufficient to collect 0.94% of the revenues and thus, the difference will be included in rates commencing April 1, 2012.[43]

Discussing the transmission service adjustment factor, Ms. Lloyd agreed that the base transmission rates are based on an allocation of expenses to customer classes. However, she explained that the transmission service adjustment factor, whether a charge or credit, has traditionally been implemented as a straight per kWh factor, regardless of customer class. She stated that when the design of the base transmission factor was altered in Docket No. 4065 (In re: The Application of The Narragansett Electric Company d/b/a National Grid For Approval of a Change in Electric Base Distribution Rates), the adjustment factor was never discussed and in the first year following the Commission's decision in Docket No. 4065, Ms. Lloyd proposed the straight per kWh factor which was accepted by the Commission. She stated that she believed it would be appropriate to design the factor consistent with the design of the base transmission rate or as a straight per kWh factor. However, changing the design of the factor would have the effect of raising some rates and lowering some, which may cause some customer confusion. Consequently, she thought that it may be something the parties should consider in the next base rate filing.[44]

Discussing the increase in the RES Charge, Ms. Janzen explained that it was the result of an increase in demand together with a tightening of supply. She noted that the

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[43] Tr. 3/28/12 at 25-27.
[44] *Id.* at 27-31.

percentage of new RECs National Grid (Narragansett Electric) is obligated to obtain increases each year while the obligation of other utilities in the New England region also increases each year. She also noted that during the first three quarters of 2011, in the NEPOOL region, there was a six percent decrease in renewable generation. This has been the result of reduced new construction of renewable generators and the ceasing of operation of some renewable generators who cannot compete against lower electric rates resulting from lower natural gas prices. However, she stated that the RES Procurement Plan that was approved by the Commission for the 2011 period is sufficiently flexible to allow the Company to respond to the situation through the use of additional competitive procurements and the ability to evaluate and accept unsolicited offers. She also indicated that because the trading period for 2011 runs from July 15, 2010 through June 15, 2011, there was additional time to conduct another solicitation. Finally, even though the trading period for 2012 does not commence until July 15, 2012, the Company has been able to contract for 2012 RECs, delivery of which will not take place until the July 15, 2012 through June 15, 2013 period.[45]

The Division presented Mr. Hahn who, on cross examination, accepted National Grid's explanation that an estimate of the RNS rate was unavailable at this time and opined that the manner in which it was estimated in the past has been altered. He also explained that when he made his recommendation that National Grid be more proactive in REC procurements and that this may require a change to the RES Procurement Plan, it was his understanding that up to that time, National Grid had not exercised the flexibility allowed under the RES Plan. He indicated that during the time between the filing of his Memorandum and the hearing, National Grid and the Division had discussed the issue but

[45] *Id.* at 45-51.

he still recommended that they exercise as much of that discretion as possible in order to meet its obligation given the tightening of supply and the increase in prices.[46]

The Division also presented Mr. Scialabba to discuss the Division's recommendations regarding the proposed Net Metering Tariff changes. Mr. Scialabba testified that National Grid's proposed changes to the recovery of the RGCs appeared to be a better methodology. He believed the new recovery mechanism would provide more transparency to customers.[47] Finally, Mr. Scialabba explained that National Grid's proposed adjustments to the upcoming Revenue Decoupling Mechanism to recognize the service quality penalties incurred by the Company was reasonable because although it was not the only way to address the issue, "it was a fairly simple straight forward way to apply the penalty."[48]

VII. Commission Findings

On March 29, 2012, at an Open Meeting, the Commission considered the evidence presented and approved National Grid's rates as filed, finding them to be in compliance with the applicable laws and tariffs. The Commission also approved the new R.I.P.U.C. Tariff 2095 which sets forth all of the rates for each rate class on one chart, finding that it would present a clearer picture to customers reviewing their electric rates. The Commission next approved National Grid's proposed treatment of the lost revenue and the Service Quality Penalty through the Revenue Decoupling Mechanism filing as being a straightforward methodology for addressing these matters. The lost revenue will serve to reduce the revenue of those customer classes in the Revenue Decoupling Mechanism filing while the application of the Service Quality Penalty will serve to

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[46] *Id.* at 73-77.
[47] *Id.* at 79-81.
[48] *Id.* at 80.

increase the Company's revenues as compared to the benchmark against which all revenues are compared for purposes of calculating the mechanism.

The Commission also approved the proposed changes to the Net Metering tariff. Finally, the Commission noted that the law requires the costs associated with RGCs to be passed through distribution rates. The Commission determined that in the interest of transparency, National Grid should include the costs or credits related to the Long-Term Contracting Standard, Distributed Generation Standard and the costs associated with Renewable Generation Credits in a single separate line item entitled Renewable Energy Distribution Charge applicable to all distribution customers of the Company. The Commission finds this treatment to be consistent with the language of the various statutes that requires the costs and/or credits to be included in the Company's distribution rates. The inclusion of these costs in the Renewable Energy Distribution Rate will satisfy the intent of the General Assembly to socialize the costs associated with the State's renewable energy policies among all customers while also providing a level of transparency regarding the level of these costs. Additionally, costs to customers included in the Renewable Energy Distribution rate include costs not typically associated with the distribution of electricity. Therefore, the Commission's approach will ensure the components of the Distribution Charge are designed to allow the Company to recover its costs associated with the delivery of electricity to customers, while also keeping with the State's policy of requiring recovery of the renewable energy costs from all distribution customers through the Renewable Energy Distribution Charge.

Accordingly, it is hereby

(20794) ORDERED:

1. Narragansett Electric Company d/b/a National Grid's proposed Standard Offer Adjustment Factor credit of $0.00332 for the Industrial Group is hereby approved for usage on or after April 1, 2012.

2. Narragansett Electric Company d/b/a National Grid's proposed Standard Offer Adjustment Factor of $0.00184 for the Commercial Group is hereby approved for usage on or after April 1, 2012.

3. Narragansett Electric Company d/b/a National Grid's proposed Standard Offer Adjustment Factor of $0.00016 for the Residential Group is hereby approved for usage on or after April 1, 1012.

4. Narragansett Electric Company d/b/a National Grid's proposed Standard Offer Administrative Cost Factor of $0.001 for the Industrial Group is hereby approved for usage on or after April 1, 2012.

5. Narragansett Electric Company d/b/a National Grid's proposed Standard Offer Administrative Cost Factor of $0.00115 for the Commercial Group is hereby approved for usage on or after April 1, 2012.

6. Narragansett Electric Company d/b/a National Grid's proposed Standard Offer Administrative Factor of $0.00121 for the Residential Group is hereby approved for usage on or after April 1, 2012.

7. Narragansett Electric Company d/b/a National Grid's proposed weighted average base Transition charge of $0.00081/kWh and Transition Adjustment Credit of $0.00018/kWh are hereby approved for usage after April 1, 2012.

8. Narragansett Electric Company, d/b/a National Grid's proposed Base Transmission Charges are approved as follows, for effect on or after April 1,

2012: $0.01950/kWh for the A16 and A60 Customer Classes; $0.01847/kWh for the C06 Customer Class; $0.00846/kWh for the G02 Customer Class; $0.00659/kWh for the B32, B62, G32, G62 and X01 Customer Classes; and $0.01168/kWh for the S10 and S14 Customer Classes.

9. Narragansett Electric Company, d/b/a National Grid's proposed Transmission Service Adjustment Credit Factor of $0.00026/kWh is approved for usage on or after April 1, 2012.

10. Narragansett Electric Company, d/b/a National Grid's proposed Transmission Uncollectible Factor of $0.00018/kWh is approved for the A16 and A60 Customer Classes, effective April 1, 2012.

11. Narragansett Electric Company, d/b/a National Grid's proposed Transmission Uncollectible Factor of $0.00017/kWh is approved for the C06 Customer Class, effective April 1, 2012.

12. Narragansett Electric Company, d/b/a National Grid's proposed Transmission Uncollectible Factor of $0.00015/kWh is approved for the G02 Customer Class, effective April 1, 2012.

13. Narragansett Electric Company, d/b/a National Grid's proposed Transmission Uncollectible Factor of $0.00013/kWh is approved for the B32, B62, G32, G62 and X01 Customer Classes, effective April 1, 2012.

14. Narragansett Electric Company, d/b/a National Grid's proposed Transmission Uncollectible Factor of $0.00010/kWh is approved for the S10 and S14 Customer Classes, effective April 1, 2012.

15. Narragansett Electric Company, d/b/a National Grid's proposed Renewable Energy Standard charge of $0.00253/kWh is hereby approved for effect April 1, 2012.

16. Narragansett Electric Company, d/b/a National Grid shall file its next annual reconciliation filing for the period commensurate with the filing of the Standard Offer Service rate change at least 45 days prior to the proposed rate change.

17. Narragansett Electric Company d/b/a National Grid shall comply with all other instructions contained in this Order.

EFFECTIVE AT WARWICK, RHODE ISLAND ON APRIL 1, 2012 PURSUANT TO AN OPEN MEETING DECISION ON MARCH 29, 2012. WRITTEN ORDER ISSUED AUGUST 10, 2012.

PUBLIC UTILITIES COMMISSION

Elia Germani, Chairman

Mary E. Bray, Commissioner

Paul J. Roberti, Commissioner

NOTICE OF RIGHT OF APPEAL PURSUANT TO R.I.G.L. SECTION 39-5-1, ANY PERSON AGGRIEVED BY A DECISION OR ORDER OF THE COMMISSION MAY, WITHIN SEVEN DAYS (7) DAYS FROM THE DATE OF THE ORDER, PETITION THE SUPREME COURT FOR A WRIT OF CERTIORARI TO REVIEW THE LEGALITY AND REASONABLENESS OF THE DECISION OR ORDER.