

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: 12/03/2012

Re: Narragansett Electric – Standard Offer Rate Filing:

Docket 4315

On November 19, 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 January through March 2013 and for the Residential Group and the Commercial Group for the period January through June 2013.

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 January through March 2013;

Commercial Group: 30% of the load from January through December 2013; and

Residential Group: 15% of the load from January 2013 through December 2014.

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 reflecting the proposed rates for the Industrial Group for the period January through March 2013 and the Residential and Commercial Groups for the period January through June 2013;
- 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 October 12, 2012 for the period January 2013 through December 2014 for the Industrial, Residential and Commercial Groups.
- A redacted summary of the procurement process supplied under separate cover, and;
- Redacted versions of the executed confidential Transaction Confirmations for January through March 2013 for the Industrial Group, January through December 2013 for the Commercial Group, and January 2013 through December 2014 for the Residential Group.

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

The base Standard Offer rate proposed for the Residential Customer Group for January through June 2013, 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 \$0.06935/kWh. This is an increase of \$0.00261/kWh, or 3.9%, compared with the current Standard Offer Charge of \$0.06674/kWh.

The fixed price option base Standard Offer rate proposed for the Commercial Customer Group for January through June 2013, 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 \$0.06833/kWh. This is an increase of \$0.00864/kWh, or 14.5% compared with the current fixed price option charge of \$0.05969/kWh.

The six-month average of the variable price option base Standard Offer rates proposed for the Commercial Customer Group for January through June 2013, including the current per-kWh Standard Offer Adjustment Factor of \$0.00184 and the Administrative Cost Factor of \$0.00115, and excluding the Renewable Energy Charge of \$0.00253 is \$0.06782/kWh. This is an increase of \$0.00799/kWh, or 13.3% compared with the current average variable price option charge of \$0.05983/kWh.

The Standard Offer rates proposed for the Industrial Customer Group for January through March, 2013, 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:

- January 2013: \$0.08662/kWh. This is an increase of \$0.03614/kWh compared with the October through December 2012 average Standard Offer rate of \$0.05048/kWh;
- February 2013: \$0.08082/kWh. This is an increase of \$0.03034/kWh compared with the October through December 2012 average Standard Offer rate of \$0.05048/kWh;
- March 2013: \$0.05955/kWh. This is an increase of \$0.00907/kWh compared with the October through December 2012 average Standard Offer rate of \$0.05048/kWh.
- The three month average of the proposed Industrial Group SOS Rates is \$0.07566, compared with the current three-month average of \$0.05048. This represents an increase of \$0.02518, or 50.0%, per kWh.

In calendar year 2013, the Rhode Island load covered by the filed RFP is subject to a 7.5% Renewable Energy Standard ("RES") requirement. National Grid evaluated the cost of obtaining RES certificates associated with the load requirements from the bidders versus the market cost of certificates. National Grid did include the RES adder in the final purchase prices of one block because the RES price was lower than the Company's estimate of the market cost for REC's. This is discussed in the documentation filed by the Company on November 19th.

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 June 12, 2012 in Docket number 4315.

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