

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: 06/10/2013

Re: Narragansett Electric – Standard Offer Rate Filing: Docket 4315

On May 17, 2013 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 2013 through September 2013 and for the Commercial and Residential Groups for the period July 2013 through December 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 July through September 2013;

Commercial Group: 30% of the load from July 2013 through June 2014; and

Residential Group: 20% of the load from January through June 2014.

Included in the filing are:

- A calculation of the proposed Standard Offer Service (“SOS”) retail rates for the Industrial Group from July through September 2013, and the Commercial and Residential Groups for July through December 2013;
- The Summary of Rates tariff reflecting the proposed rates for July through December 2013;
- A typical bill analysis for each of the SOS customer groups;
- A copy of the Request for Proposals (“RFPs”) to solicit SOS supply, issued on April 5, 2013 for the period July 2013 through June 2014 for the Industrial, Residential and Commercial Groups;
- A redacted summary of the procurement process, and;

- Redacted versions of the executed confidential Transaction Confirmations for July through September 2013 for the Industrial Group, July 2013 through June 2014 for the Commercial Group, and January through June 2014 for the Residential Group.

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

The base Standard Offer rate proposed for the Residential Customer Group for July through December 2013, including the current per-kWh Standard Offer Adjustment Factor of \$(0.00087) and the Administrative Cost Factor of \$.00104, and excluding the Renewable Energy Charge of \$0.00512 is \$0.06567/kWh. This is a decrease of \$0.00248/kWh, or about 3.6%, compared with the current Standard Offer Charge of \$0.06815/kWh.

The fixed price option base Standard Offer rate proposed for the Commercial Customer Group for July through December 2013, including the current per-kWh Standard Offer Adjustment Factor of \$0.00094 and Administrative Cost Factor of \$0.00101, and excluding the Renewable Energy Charge of \$0.00512 is \$0.06950/kWh. This is an increase of \$0.00221/kWh, or about 3.3%, compared with the current fixed price option charge of \$0.06729/kWh.

For commercial customers on the variable (monthly) price option, monthly SOS rates, including the current per-kWh Standard Offer Adjustment Factor of \$0.00094 and Administrative Cost Factor of \$0.00101, and excluding the Renewable Energy Charge of \$0.00512, will fluctuate between July and December from a low of \$0.06102 in September, to a high of \$0.08672 in December 2013.

The Standard Offer rates proposed for the Industrial Customer Group for July through September, 2013, including the current per-kWh Standard Offer Adjustment Factor of \$(0.00487) and the Administrative Cost Factor of \$0.00069, and excluding the Renewable Energy Charge of \$0.00512 are:

- July 2013: \$0.06502/kWh. This is an increase of \$0.01293/kWh compared with the April through June 2013 average Standard Offer rate of \$0.05209/kWh;
- August 2013: \$0.06178/kWh. This is an increase of \$0.00969/kWh compared with the April through June 2013 average Standard Offer rate of \$0.05209/kWh;
- September 2013: \$0.05426/kWh. This is an increase of \$0.00217/kWh compared with the April through June 2013 average Standard Offer rate of \$0.05209/kWh.
- The three month average of the proposed Industrial Group SOS Rates is \$0.06035, compared with the April through June 2013 three-month average of \$0.05209. This represents an increase of \$0.00826, or about 15.9%, 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. Either because the winning bidders of this SOS procurement did not include a price for the RES adder, or the RES prices were higher than the

Company's estimate of market cost for RECs, 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 Order Number 20795 issued in the Standard Offer Procurement Plan submitted by the Company and approved by the Commission at open meeting on June 12, 2012 (Written Order issued August 10, 2012) in Docket number 4315.

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