

# 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:** 09/18/2013

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

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On August 22, 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 Months of October 2013 and November 2013.

As the Company explained in a letter filed with the Commission on August 13, 2013, due to a change in market conditions the current S.O.S. procurement schedule has been modified as follows:

- The solicitation for two residential customer contract periods, one for January 1 – June 30 2014, the second for the period July 1 through December 31, 2014, have been delayed;
- Solicitation and award of Commercial customer contracts for the January 1 through June 30, 2014 period has been delayed, and;
- The Industrial customer group transaction has been shortened to two months, October and November, rather than the three month period October through December.

The filing includes proposed Industrial retail prices for October and November 2013, and a typical bill analysis showing the bill impact of proposed rates compared with current rates.

Included in National Grid’s filing are the following attachments:

- A calculation of the proposed Standard Offer Service (“SOS”) retail rates for the Industrial Group for October and November 2013;
- The Summary of Rates tariff reflecting the proposed rates for October and November 2013;
- A typical bill analysis;

- A copy of the Request for Proposals (“RFPs”) to solicit SOS supply, issued on July 12, 2013 for the period October 2013 through December 2014 for the Industrial, Residential and Commercial Groups;
- A redacted summary of the procurement process, and;
- Redacted versions of the executed confidential Transaction Confirmation for October and November 2013 for the Industrial Group.

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

The Standard Offer rates proposed for the Industrial Customer Group for October and November 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:

- October 2013: \$0.04444/kWh. This is a decrease of \$0.01591/kWh compared with the July through September 2013 average Standard Offer rate of \$0.06035/kWh;
- November 2013: \$0.05312/kWh. This is a decrease of \$0.00723/kWh compared with the July through September 2013 average Standard Offer rate of \$0.06035/kWh;
- The two month average of the proposed Industrial Group SOS Rates is \$0.04878, compared with the July through September 2013 three-month average of \$0.06035. This represents a decrease of \$0.01157, or about 19%, 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. Because the winning bidder submitted a price for the RES adder that was higher than the Company’s estimate of market cost for RECs, National Grid did not include an RES adder in the final price. 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, with the modifications explained above and in the Company’s letter filed with the Commission on August 13, 2013.

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