



State of Rhode Island and Providence Plantations

DEPARTMENT OF ATTORNEY GENERAL

150 South Main Street • Providence, RI 02903

(401) 274-4400 - TDD (401) 453-0410

Peter F. Kilmartin, Attorney General

November 25, 2014

Ms. Luly Massaro
Public Utilities Commission
89 Jefferson Blvd.
Warwick, RI 02888

Re: Docket 4393 – Standard Offer Service (SOS) Proposed Rates for January 1, 2015 through June 30, 2015

Dear Ms. Massaro:

On November 19, 2014, The Narragansett Electric Company, d/b/a National Grid ("Company" or "National Grid") made a filing with the Public Utilities Commission ("Commission") entitled "Proposed Standard Offer Service Rates for the Residential Group and the Commercial Group for the Months of January 2015 through June 2015 and for the Industrial Group for the Months of January 2015 through March 2015." The Attorney General submits these comments regarding the Company's filing.

First and foremost, I urge the Division to scrutinize the amount requested and to make every effort to reduce it as much as possible. While National Grid attributes this request to a seasonal increase in costs, the Division needs to thoroughly examine that claim during the review period.

The Company's proposed rates are higher than current rates and last winter's rates. On January 1, 2015, Standard Offer rates will increase from 7.879 to 12.225 cents per kWh for residential customers (A-16 and A-60). Last winter as of January 1, 2014, residential customers paid 8.372 cents per kWh. On January 1, 2015, commercial customers (C-06, G-02 and SL) on Standard Offer Service will pay 12.895 cents per kWh. Last January 1, 2014, those same customers paid, 8.564 cents per kWh. The bill of a "typical" residential customer (A-16) using 500 kWh of electricity will increase \$22.63 per month or 26.1% over the present Standard Offer rate and 23.6% over the Standard Offer rate in effect for the same type of customer as of January 1, 2014. Therefore, if the Division ultimately allows an increase near what is requested, it should act to minimize even a "seasonal" hardship on Rhode Islanders, especially when the season (winter) will cause them to suffer increased heating costs as well.

The Commission has recognized that substantial changes in rates “should be phased in over a period of time to avoid the obvious economic disruption’ that could result from an immediate and substantial increase.” In Re: Tariff Filed by New England Telephone and Telegraph, Docket Nos. 1560, 1631, 1654, Order No. 11686 at 22 (1985). Rates should not be set “any higher than is absolutely necessary to avoid or least mitigate rate shock now or at a future date.” In Re: New England Gas Cost Recovery Charge, Docket No. 3696, Order No. 18521 at 8 (2006). Thus, in a slightly different context, the Commission has recognized that “deferral of reasonably sized under-collections,” is an appropriate regulatory policy to consider when it would reduce an increase above 20 percent to an increase closer to 15 percent. Id.

One way for the Commission to address the issues raised by National Grid’s filing is to allow the Company to recover Standard Offer costs for customers for the January 1, 2015 to June 30, 2015 period over 12-months rather than a six-month period. The Commission can request the Company to estimate the likely effect of this proposed deferral and appropriately reflect the reduced rates in an amended filing.

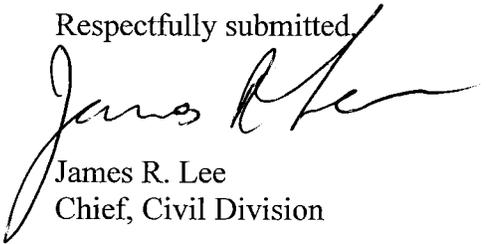
Reductions to the proposed electric rate increases in the January 1, 2015 through June 30, 2015 time-period will mitigate the shock of the proposed increases during period of harshest weather when household budgets may be unusually stretched. They will also afford customers additional time to adjust their consumption patterns or to find a suitable competitive supplier to the extent that they are aware of or willing to purchase their electricity from such a supplier.

Another possible way to mitigate the effect of rate shock on residential customers is to direct National Grid more actively promote its Balanced Billing program to these customers. The Company's Balanced Billing program allows customers to make a fixed monthly payment based on their past usage pattern, current distribution rates and expected supply costs. Customers may not be in arrears to participate in this program.

To increase customer awareness of this option, National Grid could inform customers of the program through bold faced on-bill messages and bill inserts. In addition, the Company, could dramatically improve the visibility of the program on its website, as well as direct its customer service representatives to inform consumers regarding the opportunities presented by the program.

The Attorney General appreciates this opportunity to address the Commission regarding National Grid’s proposed SOS rates.

Respectfully submitted,



James R. Lee
Chief, Civil Division

cc: Service List