

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 4393

On November 21, 2013 Narragansett Electric Company d/b/a National Grid (“National Grid” or “Company”) filed with the Commission Proposed Standard Offer Service Rates for the Residential and Commercial Groups for the period January through June 2014.

Included in the filing are the Results of Competitive Procurement for the following groups and time periods:

Commercial Group: 30% of the load from January through December 2014; and

Residential Group: 15% of the load from January 2014 through December 2015.

Also Included in the filing are:

- A calculation of the Standard Offer Service (“SOS”) retail rates for the Commercial and Residential Groups for each month of the service period;
- The Summary of Rates Tariff reflecting the proposed rates for the Residential and Commercial Groups for the period January through June 2014;
- A typical bill analysis for the residential and commercial customer groups;
- A copy of SOS Request for Proposals (“RFPs”) to solicit SOS supply issued on October 11, 2013 for the period January 2014 through December 2014 for the Commercial Group and January 2014 through December 2015 for the Residential Group.
- A redacted summary of the procurement process supplied under separate cover, and;
- Redacted versions of the executed confidential Master Power Agreement, Amendment to Master Power Agreement, and Transaction Confirmations for January through December 2014 for the Commercial Group and January 2014 through December 2015 for the Residential Group.

Un-redacted versions of the Procurement Summary, Master Power Agreement, Amendment to Master Power Agreement, and Transaction Confirmations have been supplied under separate cover.

The base Standard Offer rate proposed for the Residential Customer Group for January through June 2014, 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 \$0.08372/kWh. This is an increase of \$.01805/kWh, or 27.5%, compared with the current Standard Offer Charge of \$0.06567/kWh.

The fixed price option base Standard Offer rate proposed for the Commercial Customer Group for January through June 2014, 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 \$0.08564/kWh. This is an increase of \$0.01614/kWh, or 23.2% compared with the current fixed price option charge of \$0.06950/kWh.

The six-month average of the variable price option base Standard Offer rates proposed for the Commercial Customer Group for January through June 2014, including the current per-kWh Standard Offer Adjustment Factor of \$0.00094 and the Administrative Cost Factor of \$0.00101, and excluding the Renewable Energy Charge of \$0.00512 is \$0.08448/kWh. This is an increase of \$0.01478/kWh, or 21.2% compared with the current average variable price option charge average of \$0.06970/kWh.

In calendar year 2014, the Rhode Island load covered by the filed RFP is subject to an 8.5% 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. Because the winning bidders either did not submit RES prices, or the RES prices were higher than National Grid's estimated market cost of RECs, the Company didn't include any RES adders in the final purchase prices. The Company will attempt to procure the RES requirements under separate solicitations.

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 in Order number 20795, Docket number 4315.

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