

Memorandum

To: L. Massaro

Commission Clerk

From: Al Contente

S. Scialabba

Division of Public Utilities & Carriers

Date: 3/20/2014

Re: Narragansett Electric – Standard Offer Rate Filing:

Docket 4393

On February 24, 2014 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 April through June 2014 and Results of Competitive Procurement for the months of July 2014 Through December 2015 for the Residential Group, for the Months of July 2014 Through December 2014 for the Commercial Group, and for the Months of April 2014 Through June 2014 for the Industrial Group, along with a Request for Confidential Treatment.

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 April through June 2014;

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

Residential Group: 20% of the load from July 2014 through December 2015.

Included in the filing as well are:

- A calculation of the Standard Offer Service (“SOS”) retail rates for the Industrial Group for each month of the service period;
- A typical bill analysis for the SOS Industrial customer group;
- A copy of SOS Request for Proposals (“RFPs”) to solicit SOS supply issued on January 10, 2014 for the period April through June 2014 for the Industrial Group, July through December 2014 for the Commercial Group, and July 2014 through December 2015 for the Residential Group;
- A redacted summary of the procurement process, and;
- Redacted versions of the executed confidential Amendment to the Master Power Agreement and Transaction Confirmations for April through June 2014 for the Industrial Group, July through December 2014 for the Commercial Group, and July 2014 through December 2015 for the Residential Group.

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

The Standard Offer rates proposed for the Industrial Customer Group for April through June 2014, 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:

- April 2014: \$0.07817/kWh. This is a decrease of \$0.01772/kWh compared with the December 2013 through March 2014 average Standard Offer rate of \$0.09589/kWh;
- May 2014: \$0.06198/kWh. This is a decrease of \$0.03391/kWh compared with the December 2013 through March 2014 average Standard Offer rate of \$0.09589/kWh;
- June 2014: \$0.07893/kWh. This is a decrease of \$0.01696/kWh compared with the December 2013 through March 2014 average Standard Offer rate of \$0.09589/kWh.

The three month average of the proposed Industrial Group SOS Rates is \$0.07303, compared with the December 2013 through March 2014 average Standard Offer rate of \$0.09589/kWh;

In calendar year 2014, the Rhode Island load covered by the filed RFP is subject to a 8.5% Renewable Energy Standard (“RES”) requirement. Because the bidders either did not submit RES prices with the bids, or the bids that were submitted were higher than National Grid’s estimate of the market cost for Renewable Energy Certificates (RECs), National did not include RES adders in the final purchase prices. The Company will attempt to procure the requirements through separate solicitations.

The Company currently has pending before the Commission proposed changes to the SOS Adjustment Factors, the SOS Administrative Cost Adjustment Factors, and the RES Charge, all effective April 1, 2014. For that reason, a Summary of Rates Tariff, R.I.P.U.C. No. 2096, reflecting the proposed SOS factors for April through June 2014 has not been submitted with this filing.

After review, the Division has determined the filing is in compliance with order number 21094 issued in the Standard Offer Procurement Plan submitted by the Company and approved by the Commission at open meeting June 28, 2013 in Docket number 4393.

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