

Memorandum

To: L. Massaro
Commission Clerk

From: Alberico Mancini
Division of Public Utilities & Carriers

Date: 11/18/2016

Re: Narragansett Electric – Standard Offer Rate Filing: Docket 4556

On October 12, 2016 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 January 2017 through March 2017 and the Results of Competitive Procurement for the Months of April 2017 through September 2017 for the Residential Group, for the Months of April 2017 through September 2017 for the Commercial Group, and for the Months of April 2017 through March 2017 for the Industrial Group. A Request for Confidential Treatment for detailed bid results was submitted. The Confidential materials were submitted to the Division for our review.

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

Industrial Group: 100% of the load for January 2017 through March 2017.

Commercial Group: 20% of the load for April 2017 through September 2017.

With this most recent solicitation for another 20% of the load requirements for the April 2017 through September 2017 period, 75% of the load requirements for the Commercial Group for the April 2017 through September 2017 period have now been procured (15% in 1/16, 20% in 4/16, 20% in 7/16 and 20% in 10/16). For the April 2017 through September 2017 period, the Company will procure another 15% in the first quarter of 2017. Those procurements will total 90% for the April 2017 through September 2017 period and the remaining 10% of the load will be purchased in the spot market per the approved plan.

Residential Group: 20% of the load for April 2017 through September 2017.

With this most recent solicitation for another 20% of the load requirements for the April 2017 through September 2017 period, 75% of the load requirements for the Residential Group for the April 2017 through September 2017 period have now been procured (15% in 1/16, 20% in 4/16, 20% in 7/16 and 20% in 10/16). For the April 2017 through September 2017 period, the Company will procure another

15% in the first quarter of 2017. Those procurements will total 90% for the April 2017 through September 2017 period and the remaining 10% of the load will be purchased in the spot market per the approved plan.

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 RIPUC Tariff No. 2096 Rate Summary, Reflecting the proposed rates for the period January 2017 through March 2017.
- A typical bill analysis for the SOS Industrial Customer Group.
- A copy of SOS Request for Proposals (“RFPs”) to solicit SOS supply issued on August 30, 2016 for the period January 2017 through March 2017 for the Industrial Group, April 2017 through September 2017 for the Commercial Group, and April 2017 through September 2017 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 January 2017 through March 2017 for the Industrial Group, April 2017 through September 2017 for the Commercial Group, and April 2017 through September 2017 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.

Industrial Group Rates

The Standard Offer rates proposed for the **Industrial Customer Group** for the January 2017 through March 2017 period, including the current per-kWh Standard Offer Adjustment Factor of (\$0.01014), the Administrative Cost Factor of \$0.00359, and the Renewable Energy Charge of \$0.00288 are:

- January 2017: \$0.08474/kWh.
- February 2017: \$0.08345/kWh.
- March 2017: \$0.05677/kWh.

The three month average of the proposed January 2017 through March 2017 Industrial Group SOS rate is \$0.07499, which results in a 50% increase compared with the October 2016 through December 2016 average Industrial Standard Offer rate of \$0.04996/kWh. Compared to the previous year's January 2016 through March 2016 Industrial Group SOS average rate of \$0.10154/kWh, the proposed rate results in a 26% decrease from the same three month period in the previous year.

After review, the Division believes the filing is in compliance with Order number 21826 issued in the Standard Offer Procurement Plan, Docket 4490 as modified by the Commission at open meeting July 1, 2015 in Docket number 4556.

Cc: Macky McCleary, Administrator
Steven Scialabba, Chief Accountant