

July 24, 2015

VIA HAND DELIVERY & ELECTRONIC MAIL

Luly E. Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

**RE: Docket 4556 - 2016 Standard Offer Service Procurement Plan
2016 Renewable Energy Standard Procurement Plan
Compliance Tariff Filing**

Dear Ms. Massaro:

On behalf of National Grid¹, I have enclosed the Company's Standard Offer Adjustment Provision, RIPUC No. 2157, replacing RIPUC No. 2113.

The Company has revised the enclosed tariff to reflect that all retail delivery service customers will be subject to the crediting/recovery of any over- or under-recoveries resulting from the elimination of the Standard Offer Service Billing Adjustment in compliance with the Rhode Island Public Utilities Commission's (PUC) decision at its July 1, 2015 Open Meeting in the above-referenced docket.

For the PUC's convenience, the Company is enclosing redlined and clean versions of the revised tariff in this filing. Attachment 1 to this filing contains National Grid's clean version of the revised Standard Offer Adjustment Provision. Attachment 2 contains National Grid's redlined version of the revised Standard Offer Adjustment Provision.

Thank you for your attention to this transmittal. If you have any questions, please call me at 401-784-7288.

Very truly yours,



Jennifer Brooks Hutchinson

Enclosures

cc: Dockets 4556 Service List
Leo Wold, Esq.
Steve Scialabba

¹ The Narragansett Electric Company d/b/a National Grid (National Grid or the Company).

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.

Paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.



Joanne M. Scanlon

July 24, 2015

Date

**Docket No. 4556 - National Grid – 2016 Standard Offer Service (SOS) and Renewable Energy Standard (RES) Procurement Plans
Service List updated 5/29/15**

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File an original & 9 copies w/: Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	Luly.massaro@puc.ri.gov ;	401-780-2017
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**THE NARRAGANSETT ELECTRIC COMPANY
STANDARD OFFER ADJUSTMENT PROVISION**

The prices contained in the applicable rates of the Company are subject to adjustment to reflect the power purchase costs incurred by the Company in arranging Standard Offer Service, which costs are not recovered from customers through the Standard Offer Service rates, including, but not limited to, the costs incurred by the Company to comply with the Renewable Energy Standard established in R.I.G.L. Section 39-26-1, the costs to comply with the Commission's Rules Governing Energy Source Disclosure and administrative costs.

On an annual basis, the Company shall perform two reconciliations for its total cost of providing Standard Offer Service: 1) the Standard Offer Service Supply Reconciliation and 2) the Standard Offer Administrative Cost Reconciliation. In the Standard Offer Service Supply Reconciliation, the Company shall reconcile its total cost of purchased power for Standard Offer Service supply against its total purchased power revenue. Total purchased power revenue shall mean all revenue billed to Standard Offer Service customers through the Standard Offer Service rates for the applicable 12 month reconciliation period, adjusted by the "Revenue Adjustment," as defined below. The Revenue Adjustment shall increase revenue in the reconciliation if the variable rate billing less fixed rate billing is positive, and the Revenue Adjustment shall decrease revenue in the reconciliation if the variable rate billing less the fixed rate billing is negative. The excess or deficiency ("Standard Offer Adjustment Balance") shall be credited to, or recovered from, customers through a methodology approved by the Commission at the time the Company files its annual reconciliation. Any positive or negative balance will accrue interest calculated at the rate in effect for customer deposits.

If there is a positive or negative balance in the then current Standard Offer Adjustment Balance outstanding from the prior period, the balance shall be credited against or added to the new reconciliation amount, as appropriate, in establishing the Standard Offer Adjustment Balance for the new reconciliation period.

Beginning July 1, 2015, for customers leaving Standard Offer Service during a pricing period to receive their electric supply from a Non-regulated Power Producer, the Company shall calculate a "Revenue Adjustment" which shall be the difference between the amount customers in the Residential (Retail Delivery Service Rates A-16 and A-60) and Commercial (Retail Delivery Service Rates C-06, G-02, S-05, S-06, S-10, and S-14) Groups were billed for Standard Offer Service at the fixed rate as provided for in the Company's Tariff for Standard Offer Service, R.I.P.U.C. No. 2155, as may be amended from time to time, and the amount they would have been billed at the monthly variable rates underlying the applicable fixed rate. The calculation shall cover the time between the beginning of a pricing period for the fixed rate and the last day the customer received and was billed for Standard Offer Service. The amount, including interest calculated at the rate in effect for customer deposits, shall be recovered from or credited to all retail delivery service customers.

Annually, the Company shall determine the Standard Offer Adjustment Balance for the prior

**THE NARRAGANSETT ELECTRIC COMPANY
STANDARD OFFER ADJUSTMENT PROVISION**

calendar year and make a filing with the Commission. The Company will propose at that time a methodology to recover or credit the balance, as appropriate, over the subsequent twelve month period or as otherwise determined by the Commission. The Commission may order the Company to recover or credit the balance over any reasonable time period from (i) all customers, (ii) only Standard Offer Service customers, or (iii) through any other reasonable method.

In the Standard Offer Administrative Cost Reconciliation, the Company shall reconcile its administrative cost of providing Standard Offer Service with its Standard Offer Service revenue associated with the recovery of administrative costs, and the excess or deficiency, including interest at the interest rate paid on customer deposits, shall be credited to, or recovered from, Standard Offer Service Customers in the subsequent year's Standard Offer Service Administrative Cost Factor. The Company may file to change the Standard Offer Service Administrative Cost Factor at any time should significant over- or under- recoveries of Standard Offer Service administrative costs occur.

For purposes of calculating the Standard Offer Service Administrative Cost Factors, which is applicable to customers receiving Standard Offer Service, administrative costs associated with arranging Standard Offer Service pursuant to this provision shall include:

1. the cost of working capital;
2. the administrative costs of complying with the requirements of Renewable Energy Standard established in R.I.G.L. Section 39-26-1, the costs of creating the environmental disclosure label, and the costs associated with NEPOOL's Generation Information System attributable to Standard Offer Service;
3. the costs associated with the procurement of Standard Offer Service including requests for bids, contract negotiation, and execution and contract administration;
4. the costs associated with notifying Standard Offer Service customers of the rates for Standard Offer Service and the costs associated with updating rate change in the Company's billing system; and
5. an allowance for Standard Offer Service- related uncollectible accounts receivables associated with amounts billed through Standard Offer Service rates, the Renewable Energy Standard charge and the Standard Offer Service Administrative Cost Factors at the rate approved by the Commission.

The allowance for Standard Offer-related uncollectible amounts shall be estimated for purposes of setting the Standard Offer Service Administrative Cost Factors for the upcoming year as the approved rate applied to the sum of (1) an estimate of Standard Offer costs associated with each customer group pursuant to the Standard Offer and Renewable Energy Standard procurement plans in effect at the time, as approved by the Commission, and (2) any over- or under-recoveries of Standard Offer Service from the prior year associated with each customer group. This amount shall be subject to reconciliation only for actual Standard Offer Service revenue billed by the Company over the applicable period.

CLEAN VERSION

Attachment 1
Docket No. 4556
Compliance Tariff Filing
July 24, 2015
R.I.P.U.C. No. 2157

Sheet 3

Canceling R.I.P.U.C. No. 2113

**THE NARRAGANSETT ELECTRIC COMPANY
STANDARD OFFER ADJUSTMENT PROVISION**

This provision is applicable to all Retail Delivery Service rates of the Company.

Effective: July 1, 2015

**THE NARRAGANSETT ELECTRIC COMPANY
STANDARD OFFER ADJUSTMENT PROVISION**

The prices contained in the applicable rates of the Company are subject to adjustment to reflect the power purchase costs incurred by the Company in arranging Standard Offer Service, which costs are not recovered from customers through the Standard Offer Service rates, including, but not limited to, the costs incurred by the Company to comply with the Renewable Energy Standard established in R.I.G.L. Section 39-26-1, the costs to comply with the Commission's Rules Governing Energy Source Disclosure and administrative costs.

On an annual basis, the Company shall perform two reconciliations for its total cost of providing Standard Offer Service: 1) the Standard Offer Service Supply Reconciliation and 2) the Standard Offer Administrative Cost Reconciliation. In the Standard Offer Service Supply Reconciliation, the Company shall reconcile its total cost of purchased power for Standard Offer Service supply against its total purchased power revenue. Total purchased power revenue shall mean all revenue billed to Standard Offer Service customers through the Standard Offer Service rates for the applicable 12 month reconciliation period, adjusted by the "Revenue Adjustment," as defined below. The Revenue Adjustment shall increase revenue in the reconciliation if the variable rate billing less fixed rate billing is positive, and the Revenue Adjustment shall decrease revenue in the reconciliation if the variable rate billing less the fixed rate billing is negative. and the The excess or deficiency ("Standard Offer Adjustment Balance") shall be refunded-credited to, or collected-recovered from, customers through the rate recovery/refund methodology approved by the Commission at the time the Company files its annual reconciliation. Any positive or negative balance will accrue interest calculated at the rate in effect for customer deposits.

~~For purposes of this reconciliation, total purchased power revenues shall mean all revenue collected from Standard Offer Service customers through the Standard Offer Service rates for the applicable 12 month reconciliation period. If there is a positive or negative balance in the then current Standard Offer Adjustment Balance outstanding from the prior period, the balance shall be credited against or added to the new reconciliation amount, as appropriate, in establishing the Standard Offer Adjustment Balance for the new reconciliation period.~~

Beginning July 1, 2015, for customers leaving Standard Offer Service during a pricing period to receive their electric supply from a Non-regulated Power Producer, the Company shall calculate a "Revenue Adjustment" which shall be the difference between the amount customers in the Residential (Retail Delivery Service Rates A-16 and A-60) and Commercial (Retail Delivery Service Rates C-06, G-02, S-05, S-06, S-10, and S-14) Groups were billed for Standard Offer Service at the fixed rate as provided for in the Company's Tariff for Standard Offer Service, R.I.P.U.C. No. 2155, as may be amended from time to time, and the amount they would have been billed at the monthly variable rates underlying the applicable fixed rate. The calculation shall cover the time between the beginning of a pricing period for the fixed rate and the last day the customer received and was billed for Standard Offer Service. The amount, including interest calculated at the rate in effect for customer deposits, shall be recovered from or credited to all retail delivery service customers.

**THE NARRAGANSETT ELECTRIC COMPANY
STANDARD OFFER ADJUSTMENT PROVISION**

Annually, the Company shall determine the Standard Offer ~~Service Supply~~ Adjustment Balance for the prior calendar year and make a filing with the Commission. The Company will propose at that time a ~~rate recovery/refund~~ methodology to recover or ~~refund~~ credit the balance, as appropriate, over the subsequent twelve month period or as otherwise determined by the Commission. The Commission may order the Company to ~~collect~~ recover or ~~refund~~ credit the balance over any reasonable time period from (i) all customers, (ii) only Standard Offer Service customers, or (iii) through any other reasonable method.

In the Standard Offer Administrative Cost Reconciliation, the Company shall reconcile its administrative cost of providing Standard Offer Service with its Standard Offer Service revenue associated with the recovery of administrative costs, and the excess or deficiency, including interest at the interest rate paid on customer deposits, shall be ~~refunded~~ credited to, or ~~collected~~ recovered from, Standard Offer Service Customers in the subsequent year's Standard Offer Service Administrative Cost Factor. The Company may file to change the Standard Offer Service Administrative Cost Factor at any time should significant over- or under- recoveries of Standard Offer Service administrative costs occur.

For purposes of calculating the Standard Offer Service Administrative Cost Factors, which is applicable to customers receiving Standard Offer Service, administrative costs associated with arranging Standard Offer Service pursuant to this provision shall include:

1. the cost of working capital;
2. the administrative costs of complying with the requirements of Renewable Energy Standard established in R.I.G.L. Section 39-26-1, the costs of creating the environmental disclosure label, and the costs associated with NEPOOL's Generation Information System attributable to Standard Offer Service;
3. the costs associated with the procurement of Standard Offer Service including requests for bids, contract negotiation, and execution and contract administration;
4. the costs associated with notifying Standard Offer Service customers of the rates for Standard Offer Service and the costs associated with updating rate change in the Company's billing system; and
5. an allowance for Standard Offer Service- related uncollectible accounts receivables associated with amounts billed through Standard Offer Service rates, the Renewable Energy Standard charge and the Standard Offer Service Administrative Cost Factors at the rate approved by the Commission.

The allowance for Standard Offer-related uncollectible amounts shall be estimated for purposes of setting the Standard Offer Service Administrative Cost Factors for the upcoming year as the approved rate applied to the sum of (1) an estimate of Standard Offer costs associated with each customer group pursuant to the Standard Offer and Renewable Energy Standard procurement plans in effect at the time, as approved by the Commission, and (2) any over- or under-recoveries of

REDLINED VERSION

Attachment 2
Docket No. 4556
Compliance Tariff Filing
July 24, 2015
R.I.P.U.C. No. ~~2113~~2157

Sheet 3

Canceling R.I.P.U.C. No. ~~2097~~2113

**THE NARRAGANSETT ELECTRIC COMPANY
STANDARD OFFER ADJUSTMENT PROVISION**

Standard Offer Service from the prior year associated with each customer group. This amount shall be subject to reconciliation only for actual Standard Offer Service revenue billed by the Company over the applicable period.

This provision is applicable to all Retail Delivery Service rates of the Company.

Effective: ~~February 1, 2013~~ July 1, 2015