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August 7, 2017

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

In Re: National Grid's Proposed Standard Offer Service Rates Pursuant to 2017 Standard Offer Service Procurement Plan – Docket No. 4605

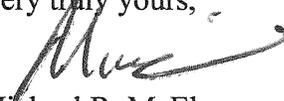
Dear Luly:

As you know, this office represents Lieutenant Governor Daniel J. McKee.

Enclosed for filing are an original and 10 copies of the position statement of Lieutenant Governor Daniel J. McKee.

If you have any questions, please feel free to call.

Very truly yours,



Michael R. McElroy

MRMc:tmg
cc: Service List



State of Rhode Island and Providence Plantations
Office of the Lieutenant Governor

Daniel J. McKee
Lieutenant Governor

August 7, 2017

I (the Lieutenant Governor) appreciate the opportunity to provide this position statement in this docket 4605.

Since taking office, I have visited over 150 small businesses throughout the state of Rhode Island to identify the biggest barriers to creating a small business-friendly Rhode Island. Across the state, again and again we hear that the rising cost of electricity is a top concern for our local businesses.

In that light, National Grid's proposed 53 percent increase in the standard offer price for power is unacceptable. It is an unbearable burden for our small businesses and residential customers. Another rate hike is a step in the wrong direction when it comes to making Rhode Island a better place to live, work, and own a business.

On a more hopeful note, Rhode Island has a competitive market for electricity. And that market has been strengthened by steps our office has taken in the past two years. We intervened with the PUC in 2015 to eliminate the billing adjustment. This was a fee that cost National Grid customers nearly \$1.5 million that year after they switched to competitive electricity suppliers. This billing adjustment was a major barrier to competition in Rhode Island, and now that barrier has been removed.

In addition, I partnered with the Division of Public Utilities and Carriers to launch Empower RI (www.ri.gov/EmpowerRI), an energy-shopping website that allows commercial and residential ratepayers to find the best electric rates for their homes and businesses. This website has greatly facilitated the competitive marketplace by providing an easy way for customers to compare offers.

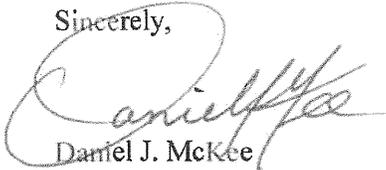
Although I agree that a thoughtful expansion of supply is necessary to lower energy costs in the region, relying on capacity as a reason to be unable to control energy costs is simply inaccurate. The competitive prices we are seeing now in our energy-shopping website represent a sharp contrast to the punitive price increase proposed by National Grid. As of August 1, 2017, competitive electricity suppliers listed on the site offer pricing that is up to 34% less than the pricing National Grid will offer based on their proposed increase. Ratepayers can currently secure lower rates, though competitive prices may rise in tandem with any increase in National Grid's standard offer price.

This raises a key question: How is it that the competitive suppliers are able to offer much lower prices than National Grid can?

We ask the Commission to take a look at competitor offerings as you review National Grid's Standard Offer procurement plans. What procurement practices of competitive suppliers does National Grid need to adopt in order to get lower prices for ratepayers?

In that regard, we continue to advocate that National Grid be given more flexibility in their procurement practices so that they can respond more effectively to conditions in the power markets (such as consistent behavior with seasonal peaks and valleys in the futures markets).

Sincerely,

A handwritten signature in cursive script, appearing to read "Daniel J. McKee". The signature is written in dark ink and is positioned above the printed name.

Daniel J. McKee
Lieutenant Governor

**Docket No. 4605 - National Grid – 2017 Standard Offer Service (SOS) and 2017 Renewable Energy Standard (RES) Procurement Plans
Service List updated 7/26/17**

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