



State of Rhode Island and Providence Plantations

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PUBLIC UTILITIES COMMISSION

Peter F. Kilmartin, Attorney General

August 16, 2017

Ms. Luly Massaro, Clerk
Public Utilities Commission
89 Jefferson Blvd.
Warwick, RI 02888

Re: Docket No. 4605

Dear Ms. Massaro,

On July 18, 2017, The Narragansett Electric Company, d/b/a National Grid (“Company” or “National Grid”) made a filing with the Public Utilities Commission (“Commission”) entitled “Proposed Standard Offer Service Rates for the Residential Group and the Commercial Group for the Months of October 2017 through March 2017 and for the Industrial Group for the Months of October 2017 through December 2017.” The Attorney General submits these comments regarding the Company’s filing.

Pursuant to the Company’s filing, on October 1, 2017, Standard Offer rates for the Residential Group customers will increase approximately 53% over current rates. The bill impact, however, for the typical A-16 customer using 500 kWh will result in only a 19.2% increase. For Commercial Group customers, Standard Offer rates will increase approximately 52% over current rates; however, the Company’s proposed increase for this group is only 11% higher than the same six-month period in the previous year. Industrial customers will experience a 2% increase compared to the Industrial Standard Offer rate for the July 2017 to September 2017 period but a 29% increase from the 3-month average rate in the same period last year.

Although the increases in the Standard Offer rates proposed by National Grid in its July 18, 2017 filing are unwelcome news for Rhode Island ratepayers, they are a direct reflection of challenging conditions in New England’s electricity market. Unlike National Grid’s application for increases to its distribution rates, the Standard Offer is established through a competitive bid process.

The proposed increase in Standard Offer rates, however, underscores the need for the Commission and Division to closely scrutinize National Grid’s distribution rates when the Company makes its anticipated filing regarding those rates this Fall. It also underscores the need for the Commission and Division carefully review all other filings that Company makes with the Commission which contain proposed rate increases. No area of expenditure or investment should consider itself immune from regulatory scrutiny by the fact that one stakeholder or another considers it a favored area of expenditure or investment. The rigorous application of

accepted ratemaking principles and practice in these filings can result in reduced increases, which in turn can serve to mitigate rate increases in filings such as the pending matter over which the Commission has little or no control.

The Attorney General commends the Commission and the Division for their work in creating and <https://www.ri.gov/app/dpuc/empowerri>, a website that provides a listing of competitive electric suppliers that can potentially assist customers in mitigating the impact of significant changes to standard offer service. Customers may be able to find a better price by shopping for electricity from competitive suppliers. The Attorney General, however, urges customers to use caution and make sure that all the terms and conditions of the offers are clearly understood before enrolling, including whether the rate is fixed or variable and whether there are early termination fees.

Standard Offer customers may also be able to mitigate the impact of the proposed increases by entering budget billing programs or taking advantage of energy efficiency programs.

Energy efficiency programs are widely publicized to the public by the Company. The *empowerri* website and budget billing program are generally made known to the public through customers' bills and the Company's website. The Commission may wish to explore with the Company whether there are ways to more widely publicize the latter two programs to customers in advance of the proposed increases taking effect.

The Attorney General concurs with the Rhode Island Business Coalition and TEC-RI that inadequacy of pipeline development in our region is a demonstrable cause of wholesale electric price volatility. Although it will not serve to mitigate the pending increases, the Commission and Division should prioritize working with other key stakeholders to develop a comprehensive regional energy policy that will address the inadequacy of transmission pipeline infrastructure in the region. Until we have true and complete energy efficiency and renewable programs, coupled with the uncertainty of the Trump administration regarding pro-environmental policy, we have to not only review pipeline distribution but also both short and long-term solutions to the problem.

The Attorney General appreciates this opportunity to address the Commission regarding National Grid's proposed electric rate increase.

Respectfully submitted,

PETER F. KILMARTIN
ATTORNEY GENERAL

By his attorneys



cc: Service List