



State of Rhode Island  
Division of Public  
Utilities & Carriers

Accounting Section  
89 Jefferson Blvd.  
Warwick, R.I. 02888

---

**To:** Luly Massaro, Commission Clerk  
Rhode Island Public Utilities Commission

**From:** Joel A. Munoz, Rate Analyst   
Rhode Island Division of Public Utilities & Carriers

**Date:** August 13, 2019

**Subject:** Docket No.: 4809 – Standard Offer Service Procurement Plan

On July 19, 2019, Narragansett Electric Company d/b/a National Grid (“National Grid” or “Company”) filed with the Public Utilities Commission (“Commission”) proposed Standard Offer Service rates effective October 1, 2019, and the results of the most recent Standard Offer procurement.<sup>1</sup> The Company submitted a Request for Confidential Treatment covering the detailed bid results. The Company submitted these confidential materials to the Division of Public Utilities and Carriers (“Division”) for its review and analysis. As with prior Standard Offer Rate filings, the Division has reviewed the Company’s filings and has prepared this memo for the Commission’s consideration.

Included in the Company’s filings were:

- A calculation of the Standard Offer Service (“SOS”) retail rates for the Residential, Commercial, and Industrial Groups for the applicable service period;
- A RIPUC Tariff No. 2096 Rate Summary, reflecting the proposed Industrial Group SOS rates for the period October 2019 through December 2019, proposed Residential Group SOS rate for the period of October 2019 through March 2020, and the proposed Commercial Group SOS rates for the period of October 2019 through March 2020;
- The typical bill analysis;

---

<sup>1</sup> The July 19, 2019 filings were entitled: Proposed Standard Offer Service Rates for the Residential Group for the Months of October 2019 through March 2020, Proposed Standard Offer Services Rates for the Commercial Group for Months of October 2019 through March 2020, Proposed Standard Offer Services Rates for the Industrial Group for the Months of October 2019 through December 2019, and Results of Competitive Procurement: Residential Group: October 2019 through March 2021, Commercial Group: October 2019 through March 2021, Industrial Group: October 2019 through December 2019.

- A copy of the Request for Proposals (“RFPs”) issued by the Company on June 7, 2019 to solicit SOS supply for the Residential Group for the period October 2019 through March 2021, for the Commercial Group for the period October 2019 through March 2021, and for the Industrial Group for the period October 2019 through December 2019;
- A redacted summary of the procurement process identifying the key actions taken by the Company to procure SOS for its customers; and
- Redacted versions of the executed Transaction Confirmation for the period October 1, 2019 through March 31, 2021 for the Residential Group, October 1, 2019 through March 31, 2021 for the Commercial Group and October 1, 2019 through December 31, 2019 for the Industrial Group.

Unredacted versions of the Procurement Summary and Transaction Confirmation have been supplied under separate cover.

### **Standard Offer Service Proposed Rates and Trends**

#### **Industrial Group Rates**

The SOS rates proposed for the **Industrial Customer Group** for the October 2019 through December 2019 period, including the current per-kWh Standard Offer Adjustment Factor of \$0.00138, the Administrative Cost Factor of \$0.00233, and the Renewable Energy Charge of \$0.00063 are:

- October 2019: \$0.08001/kWh
- November 2019: \$0.08327/kWh
- December 2019: \$0.09985/kWh

The three-month average of the proposed October 2019 through December 2019 Industrial Group SOS rate is \$0.08771, which results in a 19% increase, when compared with the July 2019 through September 2019 average Industrial Standard Offer rate of \$0.07141. In comparison, the same three-month average rate was \$0.08834 the previous year. Additionally, the Industrial SOS average was \$0.07363 for the October through December period for the 5 years from 2014 to 2018.

#### **Residential Group Rates**

The SOS rate proposed for the **Residential Customer Group** for the October 2019 to March 2020 period, including the current per-kWh Standard Offer Adjustment Factor of (\$0.00223), the Administrative Cost Factor of \$0.00233, and the Renewable Energy Charge of \$0.00063 is **\$0.10957/kWh**. This is an increase of \$0.01717/kWh or 16%, compared with the current SOS rate of \$0.09240/kWh. Compared to the previous year’s October 2018 through March 2019 Residential Group SOS retail rate of \$0.10990/kWh,

the proposed rate of \$0.10957/kWh is a slight decrease of 0.3% than the same six-month period in the previous year. Compared to the previous 5-year October through March average rate of \$0.09451/kWh for the 2014 through 2018 October through March periods, the proposed rate of \$0.10957/kwh is 14% higher.

Commercial Group Rates

The **fixed price option** SOS rate for the **Commercial Customer Group** for the October 2019 through March 2020 period, including the current per-kWh SOS Adjustment Factor of \$0.00154, Administrative Cost Factor of \$0.00217, and the Renewable Energy Charge of \$0.00063 is **\$0.10248/kWh**. This is an increase of \$0.01135/kWh, or 11% compared with the current fixed price option of \$0.09113/kWh. Compared to the previous year’s October 2018 through March 2019 Commercial Group SOS fixed rate of \$0.10990/kWh, the proposed rate of \$0.10248/kWh is 7% lower than the same six-month period in the previous year. Compared to the previous 5-year October through March average fixed rate of \$0.09495/kWh for the 2014 through 2018 winter periods, the proposed rate of \$0.10248/kWh is 7% higher.

The **variable price option** proposed SOS rates for the **Commercial Customer Group** including the current per-kWh SOS Adjustment Factor of \$0.00154, Administrative Cost Factor of \$0.00217, and the Renewable Energy Charge of \$0.00063, are as follows:

- October 2019: \$0.07614
- November 2019: \$0.08402
- December 2019: \$0.10464
- January 2020: \$0.12562
- February 2020: \$0.12674
- March 2020: \$0.09492

Standard Offer Service Rate Bill Impact

National Grid has included a detailed typical bill analysis for all classes as part of their SOS rate filing (Attachment 3). A brief summary of the A-16 residential rate class is shown in Table 1 below:

**Table 1 – Residential A-16 Rate Class**

Monthly kWh	Current Bill	Proposed Bill	Total Increase	% Increase
300	\$67.61	\$72.98	\$5.37	7.9%
500	\$106.86	\$115.81	\$8.95	8.4%
1200	\$244.21	\$265.67	\$21.46	8.8%

As presented in Table 1, a typical A-16 residential customer using 500 kWh per month would see a \$8.95 increase or 8.4% overall increase in their monthly bill. Compared to

the previous year's October 2018 through March 2019 period, an A-16 residential customer using 500 kWh per month would see an increase of \$2.79, or a 2.3% increase, from the same six-month period in the previous year.

### **Division Conformation of Compliance**

Although National Grid's obligation to arrange for a standard offer service for customers ends on December 31, 2020 the Company continues its procurement schedule through March 21, 2021 as directed by the Commission in Order No. 23366. After review, the Division is of the opinion that the proposed Standard Offer rates contained in the filing for Residential, Commercial and Industrial Standard Offer are correctly calculated and comply with the PUC-approved standard offer procurement plan as directed in Order No. 23366 issued in the Standard Offer Procurement Plan, Docket 4809, written order dated January 3, 2019. The Division is also of the opinion that the power supply procurements undertaken by National Grid in the Docket reporting period comply with the Standard Offer Procurement Plan approved by the Commission.