



State of Rhode Island
Division of Public
Utilities & Carriers

Accounting Section
89 Jefferson Blvd.
Warwick, R.I. 02888
(401)941-4500

Fax: (401) 941-9248
TDD: (401) 941-4500

Memorandum

DATE: February 12, 2020

TO: Luly Massaro, Commission Clerk
Rhode Island Public Utilities Commission

FROM: Alfred Contente,
Utility Analyst

SUBJECT: Docket No.: 4935 – National Grid - Standard Offer Service Rates

On January 15, 2020, The 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 April 1, 2020. 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;
- The typical bill analysis;
- A copy of the Request for Proposals ("RFPs") issued by the Company on December 6, 2019 to solicit SOS supply for the Residential Group for the period April 2020 through March 2022, for the Commercial Group for the period April 2020 through March 2022, and for the Industrial Group for the period April 2020 through June 2020;
- 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 Master Power Agreements and of the Transaction Confirmations for the period April 1, 2020 through March 31, 2022 for the Residential Group, April 1, 2020 through March 31, 2022 for the Commercial Group and April 1, 2020 through June 31, 2020 for the Industrial Group.

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

Standard Offer Service Proposed Rates

Industrial Group Rates

The SOS rates proposed for the **Industrial Customer Group** for the April 2020 through June 2020 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:

- April 2020: \$0.08955/kWh
- May 2020: \$0.06750/kWh
- June 2020: \$0.05999/kWh

The three-month average of the proposed April 2020 through June 2020 Industrial Group SOS rate is \$0.07235, which results in a 37% decrease, when compared with the January 2020 through March 2020 average Industrial Standard Offer rate of \$0.11559. In comparison, the same three-month average rate was \$0.09622 the previous year.

Residential Group Rates

The SOS rate proposed for the **Residential Customer Group** for the April 2020 to September 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 **\$0.07570/kWh**. This is a decrease of \$0.03387/kWh or 31%, compared with the current SOS rate of \$0.109570/kWh. Compared to the previous year's April 2019 through September 2019 Residential Group SOS retail rate of \$0.09240/kWh, the proposed rate of \$0.07570/kWh is a decrease of 18% than the same six-month period in the previous year.

Commercial Group Rates

The **fixed price option** SOS rate for the **Commercial Customer Group** for the April 2020 through September 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 **\$0.07014/kWh**. This is a decrease of \$0.03234/kWh, or 32% compared with the current fixed price option of \$0.10248/kWh. Compared to the previous year's April 2019 through September 2019 Commercial Group SOS fixed rate of \$0.09113/kWh, the proposed rate of \$0.07014/kWh is 23% lower than the same six-month period in the previous year.

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:

- April 2020: \$0.08445
- May 2020 \$0.07789
- June 2020 \$0.06326
- July 2020 \$0.06692
- August 2020 \$0.06630
- September 2020 \$0.06396

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 2). A brief summary of the A-16 residential rate class is shown in Table 1 below:

Table I – Residential A-16 Rate Class

Monthly kWh	Current Bill	Proposed Bill	Total Decrease	% Decrease
300	\$74.45	\$63.86	\$10.59	14.2%
500	\$118.05	\$100.41	\$17.64	14.9%
1200	\$270.60	\$228.27	\$42.33	15.6%

As presented in Table 1, a typical A-16 residential customer using 500 kWh per month would see a \$17.64 decrease or 14.9% overall decrease in their monthly bill. Compared to the previous year's April 2019 through September 2019 period, an A-16 residential customer using 500 kWh per month would see a decrease of \$9.01, or an 8.2% decrease, from the same six-month period in the previous year.

Division Conformation of Compliance

After review, the Division found that the proposed Standard Offer rates contained in the filing for Residential, Commercial and Industrial customers are correctly calculated and comply with RIPUC approved standard offer procurement plan as directed in Order No. 23648 issued in the Standard Offer Procurement Plan, Docket 4935, written order dated June 12, 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.