



**STATE OF RHODE ISLAND**

**DIVISION OF PUBLIC UTILITIES & CARRIERS**

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

From: John Bell, <sup>JB</sup> Chief Accountant

Date: August 14, 2020

Subject: Docket 4935 – National Grid’s Standard Offer Rate Proposal  
for Service Beginning October 1, 2020

On July 17, 2020, The Narragansett Electric Company d/b/a National Grid (“National Grid” or “Company”) filed with the Public Utilities Commission (PUC) the results of its recent Standard Offer procurement and proposed Standard Offer Service (SOS) Rates for effect on October 1, 2020. The Company submitted a Motion for Protective Treatment of Confidential Information related to the Standard Offer procurement records. The Company submitted the confidential information to the Division of Public Utilities and Carriers (“Division”) for review and analysis. The Division reviewed the Company’s filings and prepared this memo for Commission consideration.

The chart on the following pages shows in bold the proposed retail standard offer rates for each rate group. The retail rate includes the SOS base rate plus the SOS Administrative Cost Factor, the Standard Offer Adjustment Factor, and the Renewable Energy Standard Charge. The charges, other than the base standard offer charge, were approved as part of National Grid’s Annual Retail Rate Filing. I included the charges in this chart to show all the components that add up to the retail Standard Offer Charge that appear on customer’s bills.

## Standard Offer Service Proposed Rates

	Proposed Standard Offer Service Rates							Fixed SOS Charge
	Variable SOS Charges							
	<u>Oct-20</u>	<u>Nov-20</u>	<u>Dec-20</u>	<u>Jan-21</u>	<u>Feb-21</u>	<u>Mar-21</u>		
<u>Residential</u>								
Weighted Average SOS Rate							\$ 0.09568	
Administrative Cost Factor							\$ 0.00230	
SOS Adjustment Factor							\$ (0.00294)	
Renewable Energy Standard							\$ 0.00866	
<b>Total</b>							<b>\$ 0.10370</b>	
Current SOS Rate							\$ 0.08299	
Proposed Increase							\$ 0.02071	
<u>Commercial</u>								
SOS Rate	\$ 0.05795	\$ 0.06799	\$ 0.08368	\$ 0.10042	\$ 0.09961	\$ 0.07746	\$ 0.08150	
Administrative Cost Factor	\$ 0.00224	\$ 0.00224	\$ 0.00224	\$ 0.00224	\$ 0.00224	\$ 0.00224	\$ 0.00224	
SOS Adjustment Factor	\$ 0.00094	\$ 0.00094	\$ 0.00094	\$ 0.00094	\$ 0.00094	\$ 0.00094	\$ 0.00094	
Renewable Energy Standard	\$ 0.00866	\$ 0.00866	\$ 0.00866	\$ 0.00866	\$ 0.00866	\$ 0.00866	\$ 0.00866	
<b>Total</b>	<b>\$ 0.06979</b>	<b>\$ 0.07983</b>	<b>\$ 0.09552</b>	<b>\$ 0.11226</b>	<b>\$ 0.11145</b>	<b>\$ 0.08930</b>	<b>\$ 0.09334</b>	
Current SOS Rate							\$ 0.07764	
Proposed Increase							\$ 0.01570	
<u>Industrial</u>								
SOS Rate	\$ 0.04765	\$ 0.05771	\$ 0.07303					
Administrative Cost Factor	\$ 0.00186	\$ 0.00186	\$ 0.00186					
SOS Adjustment Factor	\$ 0.00381	\$ 0.00381	\$ 0.00381					
Renewable Energy Standard	\$ 0.00866	\$ 0.00866	\$ 0.00866					
<b>Total</b>	<b>\$ 0.06198</b>	<b>\$ 0.07204</b>	<b>\$ 0.08736</b>					

As can be seen in the above chart, the rate for the residential group is proposed to increase from \$0.08299 to \$0.10370 per kWh or \$0.02071/kWh. For a residential customer using 500 kWh per month the impact is an increase of approximately 10% or \$11 per month. Over the last several years, winter electric prices have been higher than summer prices, so this increase was not unexpected. Fortunately, the trend in prices has been down for the past few years and the proposed standard offer price is lower than it has been for the last two winters, with last winter's retail rate at \$0.10957/kWh.

The fixed rate for the commercial group is proposed to increase from \$0.07764 to \$0.09334 per kWh or \$0.0157. The same trends seen in residential rates are also seen with commercial rates. Though the proposed rate is an increase from the current summer rate, it is \$0.00914/kWh lower than last winter's rate of \$0.10248/kWh.

The prices for the industrial group show the same trends. The October price of \$0.06198/kWh is the lowest monthly price for at least the last few years. Prices for November and December trend steadily higher but are approximately one cent/kWh lower than last year.

### **Conclusion and Recommendation**

The Division reviewed the detail of National Grid's filing and concluded that the power supply procurement undertaken by National Grid complies with the Standard Offer Procurement Plan approved earlier in this docket in Order No. 23648. The Division further concluded that the proposed SOS rates for the residential, commercial and industrial customers were correctly calculated and in turn we recommend approval of National Grid's proposed SOS rates presented in their filing.