

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: NARRAGANSETT ELECTRIC COMPANY :
LAST RESORT SERVICE RATE : DOCKET NO. 3117

REPORT AND ORDER

WHEREAS, On April 4, 2000, Narragansett Electric Company (“Narragansett” or the “Company”), pursuant to the requirements of R.I.G.L. §39-1-27.3(e), executed a contract to acquire power supply for Last Resort Service (“LRS”) at the following prices per kWh:

May	3.8¢
June	6.5¢
July	Market (estimated 8-10¢)
August	Market (estimated 8-10¢)
September	4.0¢
October	3.6¢

WHEREAS, On April 14, 2000, Narragansett filed the following proposed LRS rates for Last Resort non-residential customers to become effective on June 1, 2000:

June	4.1¢
July	4.2¢
August	4.3¢
September	4.4¢
October	4.5¢

WHEREAS, Notice of the proposed rate changes was published pursuant to R.I.G.L. §39-3-11 on May 9, 2000; and

WHEREAS, On May 12, 2000, the Division of Public Utilities and Carriers (“Division”) filed testimony proposing an increase in LRS rates to reflect the monthly market price of the LRS power supply with a credit equal to 2¢ per kWh or, if less, the difference between 3.8¢ per kWh and the market price for the applicable month; and

WHEREAS, Public hearings were held on May 19 and May 22, 2000 at the offices of the Commission, 100 Orange Street, Providence, RI, and

WHEREAS, All parties were given the opportunity to present closing arguments; and

WHEREAS, At an open meeting held on May 31, 2000, the Commission reviewed the testimony, exhibits, and briefs in this docket; and

WHEREAS, The Commission found that LRS rates should be increased to reflect increases in the cost of acquiring a LRS power supply; and

WHEREAS, The Commission found that, consistent with the testimony of the Company and the Division, increases in LRS rates should be phased-in to avoid rate shock to Last Resort Service customers; and

WHEREAS, The Commission found that, contrary to the Division's proposal, the LRS rate should require Last Resort non-residential customers to pay some portion of the amount by which Last Resort Service power supply costs exceed the current Last Resort rate; and

WHEREAS, the Commission found that Last Resort Service for residential customers should continue to be priced at the Standard Offer Service rate.

Accordingly, it is

(16279) ORDERED:

1. That the Last Resort Service rate for the Company's non-residential customers shall be 4.5¢ per kWh effective for usage from June 1 through and including June 30, 2000.
2. That the Last Resort Service rates for the months of July and August 2000 shall be equal to the estimated market price for LRS power supply for each month, as reported to the Commission no less than five (5) business days before the first day of such month, less a credit per kWh equal to the lesser of (i) one-half of the difference between the Standard Offer rate and the estimated market price for LRS for the applicable month, or (ii) 3¢; such rates to be effective for usage on and after the first day of the applicable month.
3. That Last Resort Service for residential customers shall continue to be priced at the Standard Offer Service rate.

EFFECTIVE AT PROVIDENCE, RHODE ISLAND PURSUANT TO AN
OPEN MEETING DECISION ON MAY 31, 2000. WRITTEN ORDER
ISSUED JUNE 2, 2000.

PUBLIC UTILITIES COMMISSION

Elia Germani, Chairman

Kate F. Racine, Commissioner

Brenda K. Gaynor, Commissioner