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Peter F. Neronha
Attorney General

June 8, 2023

Via Electronic Mail

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

**RE: Docket No. 23-01-EL – The Narragansett Electric Company -- Industrial Group
Last Resort Service Rates for the Period July 1, 2023 through September 30, 2023**

Dear Ms. Massaro:

On behalf of the Division of Public Utilities and Carriers, please accept for filing the attached memorandum from Al Contente, Division Rate Analyst, that provides the agency's comments regarding the above reference docket.

Thank you for your attention to this submission.

Very truly yours,

/s/ Gregory S. Schultz

Gregory S. Schultz
Special Assistant Attorney General
On behalf of the Division of Public Utilities and Carriers

Enclosure

cc: 23-01-EL Service List
Linda George, Esq., Division Administrator
John Spirito, Esq., Division Deputy Administrator
Christy Hetherington, Esq., Division Chief Legal Counsel
Paul Roberti, Esq., Division Chief Economic and Policy Analyst



STATE OF RHODE ISLAND

DIVISION OF PUBLIC UTILITIES & CARRIERS

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Memorandum

TO: Luly Massaro
Clerk, Public Utilities Commission

FROM: Al Contente
Rate Analyst, Division of Public Utilities and Carriers

DATE: June 8, 2023

SUBJECT: Docket No. 23-01-EL – The Narragansett Electric Company -- Industrial Group Last Resort Service Rates for the Period July 1, 2023 through September 30, 2023.

BACKGROUND

On May 1, 2023, The Narragansett Electric Company d/b/a Rhode Island Energy (“RIE” or “Company”) filed proposed Last Resort Service (“LRS”) rates for the Industrial Group for the period July 2023 through September 2023. The Company submitted a Request for Confidential Treatment covering the detailed bid results. The Company submitted the confidential materials to the Division of Public Utilities and Carriers (“Division”) for its review and analysis. The Division reviewed the filing and submits this memo to the Public Utilities Commission (“Commission”) for consideration.

As with past Last Resort Filings, the Company submitted the following information:

- The calculation of the retail LRS rates for the Industrial Group for the applicable service period.
- The Summary of Rates tariff for LRS reflecting the proposed Industrial Group Rates for the period of July 2023 through September 2023.

- Typical bill analysis for the Industrial Group.
- A copy of the Request for Proposals (“RFP”) issued by the Company on March 17, 2023 to solicit LRS supply for the Residential Group for the period October 2023 through September 2024; for the Commercial Group for the period October 2023 through September 2024; and for the Industrial Group for the period July 2023 through September 2023.
- A redacted summary of the procurement process identifying the key actions taken by RIE to procure LRS for its customers.

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

Last Resort Service Procurement Plan Summary

Industrial Group: 100% of the load for **July 2023 through September 2023**

Commercial and Residential Groups: Procurement encompassing **October 2023 through September 2024**

With this most recent solicitation of 20% of the load requirement, a total of 70% has been procured for the Commercial and Residential Groups for October 2023 through March 2024. The Company will also procure another 20% in the third quarter of 2023. That procurement will total 90% of the load requirement for the same October 2023 through March 2024 time-period. The remaining 10% of procurement will be made in the spot market as per the Company’s approved Last Resort Procurement Plan.

Current Filing

The current filing seeks approval for the LRS rate for the Industrial Group for the **July 2023 through September 2023** time-period.

Table T-1 demonstrates the proposed LRS retail rates for the Industrial Group.

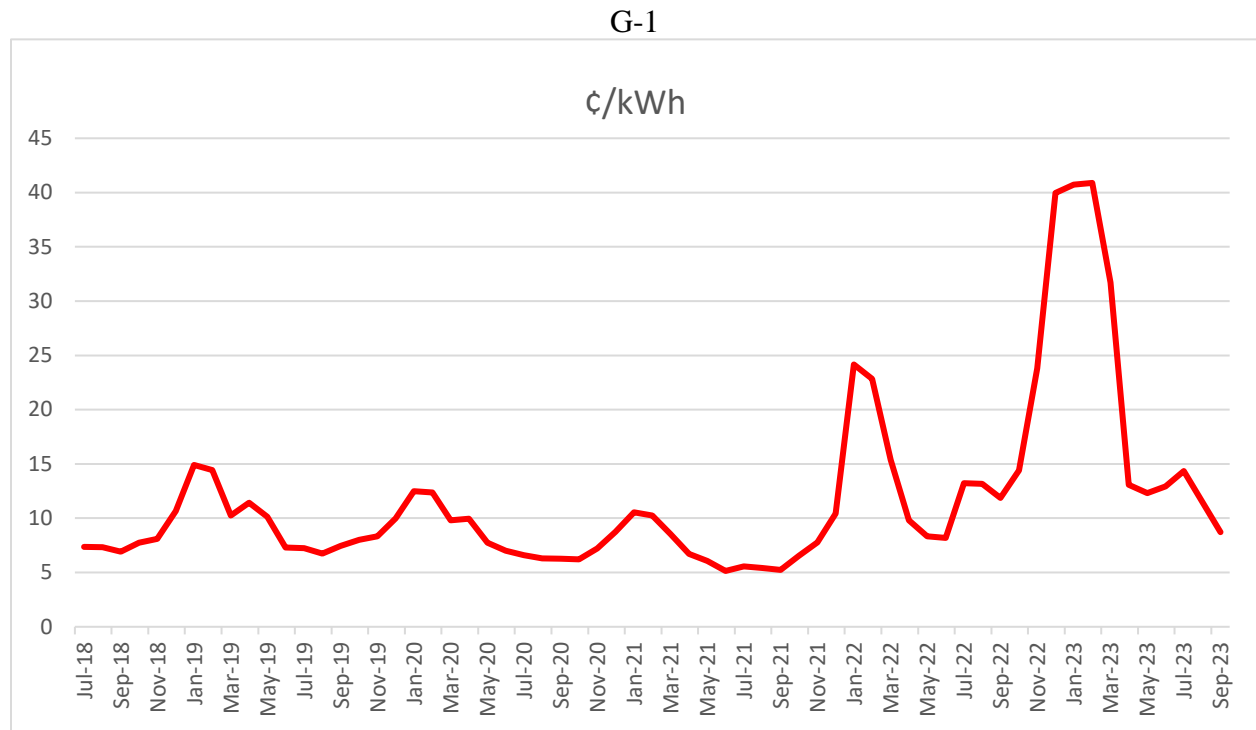
T-1

Line No.	Description	July 2023	Aug 2023	Sept 2023
1	Base Supply Rate per kWh	\$0.12726	\$0.09928	\$0.07111
2	Administrative Cost Factor	\$0.00780	\$0.00780	\$0.00780
3	Adjustment Factor	\$0.00000	\$0.00000	\$0.00000
4	Renewable Energy Standard Charge	\$0.00833	\$0.00833	\$0.00833
5	Total Retail Rate	\$0.14339	\$0.11541	\$0.08724

The factors shown in Lines 2-4 were previously approved by the PUC for effect on April 1, 2023, and are scheduled to remain in place through March 31, 2024. The Adjustment Factor (Line 3) has been incorporated into the Distribution Charge through Commission order and may return as a LRS factor following the current 12-month period. The base supply component shown in Line 1 includes cost of energy, estimated capacity costs, ancillary services and a line loss factor. The RFP issued on March 17, 2023, contained 2 load blocks for the Industrial Group with each block representing 50% load share. The Division reviewed the confidential information submitted in this docket and verified that the lowest bidder was selected for each load block for each of the 3 months during the proposed pricing period.

Last Resort Service Proposed Rates and Trends

The history over the last several years shows higher electric supply prices in the winter verses the summer season. The graph, G-1 on the following page, shows that pricing graphically, going back to July of 2018. The graph shows the winter high prices getting much higher as a ratio compared to the summer prices considering the proposed rates for this July to September time-period.



The proposed rates in this filing show a downward trend from this past winter and even from the last summer period. Though they are significantly lower than the recent winter rates they start out higher than previous rates for the same pricing period (July – September) but continue to trend downward during the course of the summer from over 14 cents in July to less than 9 cents in September.

The Division notes that the majority of Industrial customers procure their energy supply in the competitive market and therefore the proposed LRS rates in this filing only impact a small portion of the industrial load (approximately 9%).

RECOMMENDATIONS

Based on the Division's review of National Grid's filing in this docket, we found that the proposed LRS rates were correctly calculated and that the power supply procurements undertaken by the Company in this reporting period comply with the PUC approved procurement plan. The Division recommends approval of the proposed LRS rates for the Industrial Group for the period July 1, 2023, through September 30, 2023.