



STATE OF RHODE ISLAND  
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*Peter F. Neronha*  
*Attorney General*

March 11, 2024

*Via Electronic Mail*

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

**RE: Docket No. 24-04-EL**  
**The Narragansett Electric Company d/b/a Rhode Island Energy's**  
**Last Resort Service Rate Filing**

Dear Ms. Massaro:

On behalf of the Division of Public Utilities and Carriers, please accept for filing the attached second corrected Memorandum from Alfred Contente, Rate Analyst, which provides the Division's position in the above-entitled docket. A correction was made to a docket number referenced on page 5.

Thank you for your cooperation in this matter.

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: 24-04-EL Service List  
Linda George, Esq., Division 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  
89 Jefferson Boulevard  
Warwick, Rhode Island 02888  
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**To: Luly Massaro, Commission Clerk  
Public Utilities Commission**

**From: Alfred Contente, Rate Analyst  
Division of Public Utilities & Carriers**

**Date: March 5, 2024**

**Re: Docket No. 24-04-EL The Narragansett Electric Company – Last Resort Service  
Rate Filing**

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On January 19, 2024, The Narragansett Electric Company d/b/a Rhode Island Energy (“RIE” or “Company”) filed with the Public Utilities Commission (“Commission”) proposed Last Resort Service (“LRS”) rates effective April 1, 2024 together with the results of the Company’s most recent LRS procurement. As with prior LRS Rate filings, the Division has prepared this memo in response to the Company’s filing.

The Company submitted a Request for Confidential Treatment covering the detailed bid results. The Company submitted these confidential materials to the Division for review.

Included in the Company’s filing are:

- A calculation of the LRS retail rates for the Residential, Commercial, and Industrial Groups for each month of the service period;
- A typical bill analysis for LRS for the Residential, Commercial, and Industrial Customer Groups.
- A copy of the Request for Proposal (“RFP”) issued on December 8, 2023 to solicit LRS supply for the period April 2024 through March 2026 for the Residential and Commercial Group, and April 2024 through June 2024 for the Industrial Group.
- A redacted summary of the procurement process, and;

- Redacted versions of the executed confidential Amendment to the Master Power Agreement and Transaction Confirmations for April 2024 through March 2026 for the Residential and Commercial Group, and April 2024 through June 2024 for the Industrial Group.

Un-redacted versions of the Procurement Summary, an amendment to a Master Power Agreement, and Transaction Confirmations have been supplied under separate cover.

### **Last Resort Service Procurement Plan Summary**

**Industrial Group:** 100% of the load for **April 2024 through June 2024.**

**Commercial Group:** Procurements encompassing **April 2024 through March 2026.**

With this most recent solicitation for 15% of the load requirements for the **April 2024 through March 2026** period, 90% of the load requirements for the Commercial Group for the April 2024 through September 2024 period have now been procured. For that period, the Company will purchase the remaining 10% of the load in the spot market as the approved plan specifies.

**Residential Group:** Procurements encompassing **April 2024 through March 2026.**

As with this most recent solicitation for another 15% of the load requirements for the **April 2024 through March 2026** period, 90% of the load requirements for the Residential Group for the April 2024 through September 2024 period have now been procured, the Company will purchase the remaining 10% of the load in the spot market as the approved plan specifies.

### **Last Resort Service Proposed Rates and Trends**

#### **Industrial Group Rates**

The LRS rates proposed for the **Industrial Customer Group** for the April 2024 through June 2024 period, including the current per-kWh Last Resort Administrative Cost Factor of \$0.00780, and the proposed Renewable Energy Charge of \$0.00833 are:

- April 2024: \$0.08325/kWh
- May 2024: \$0.07717/kWh
- June 2024: \$0.08302/kWh

The three-month average of the proposed April 2024 through June 2024 Industrial Group LRS rate is \$0.08115/kWh, which results in a \$0.08609/kWh or 51% decrease when compared with the current January 2024 through March 2024 average Industrial Last Resort rate of \$0.16723/kWh. In comparison, the proposed three-month average rate represents a decrease of \$0.04653/kWh or 36% when compared to last year's April 2023 through June 2023 Industrial average rate of \$0.12768/kWh.

## Commercial Rates

The **fixed price option** LRS rate proposed for the **Commercial Customer Group** for the April 2024 through September 2024 period, including the current per-kWh Last Resort Administrative Cost Factor of \$0.00375, and the Renewable Energy Charge of \$0.00833 is:

- April 2024 – September 2024:           \$0.09561/kWh

The proposed rate represents a decrease of \$0.07562/kWh or 56% when compared with the current fixed price option charge of \$0.17123/kWh but compared to last year's April 2023 through September 2023 Commercial Group LRS fixed summer rate of \$0.09997/kWh, the proposed rate represents a decrease of \$0.00436/kWh or 4% for the same six-month period in the previous year.

The **variable price option** proposed LRS rates for the **Commercial Customer Group** including the current additional factors are as follows:

- April 2024                               \$0.09357/kWh
- May 2024                                 \$0.08021/kWh
- June 2024                                \$0.09093/kWh
- July 2024                                 \$0.11291/kWh
- August 2024                             \$0.10410/kWh
- September 2024                        \$0.08765/kWh

## Residential Rates

The LRS rate proposed for the **Residential Customer Group** for the April 2024 through September 2024 period, including the current per-kWh Last Resort Administrative Cost Factor of \$0.00383, and the current Renewable Energy Charge of \$0.00833 is:

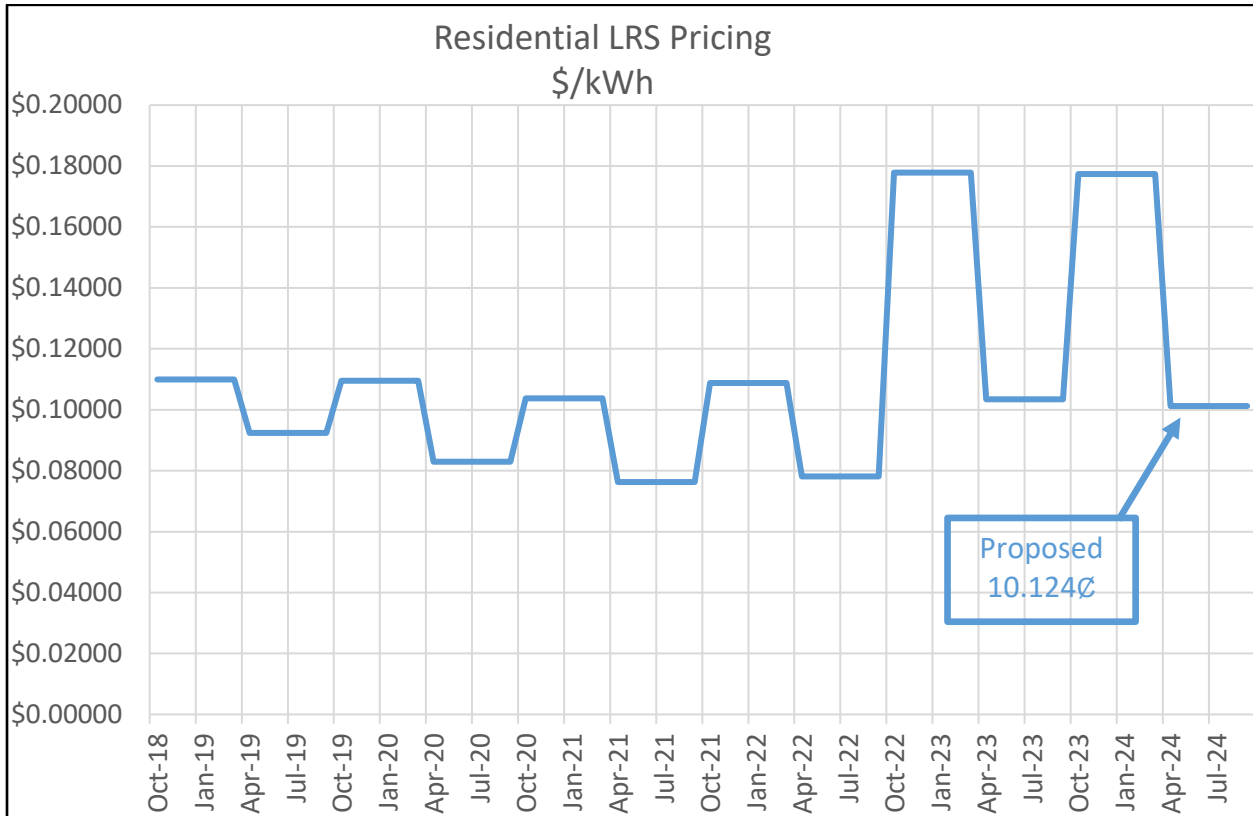
- April 2023 – September 2023:           \$0.10124/kWh

The proposed rate represents a decrease of \$0.07616/kWh or 43% when compared with the current LRS rate of \$0.17741/kWh and compared to last year's April 2023 through September 2023 LRS average summer rate of \$0.10341/kWh, the proposed rate represents a decrease of \$0.02170/kWh or 2% for the same six-month period in the previous year.

## Last Resort Service Rate Bill Impact

The trend over the last several years has been higher electric supply prices in the winter versus the summer season. The graph, G-1 on the following page, shows this trend going back to the winter of 2018 - 2019.

G-1



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

Monthly kWh	Current Bill	Proposed Bill	Total Decrease	% Decrease
300	\$105.26	\$81.46	\$23.80	22.6%
500	\$167.94	\$128.26	\$39.68	23.2%
1200	\$387.27	\$292.06	\$95.21	24.6%

As presented in Table 1, a typical A-16 residential customer using 500 kWh’s per month would see a \$39.68 or 23% overall decrease in their monthly bill.

The proposed rates are the result of the Company following the approved procurement plan and obtaining competitive responses to its RFPs. The Company does not earn a profit on the electricity its customers use and has no incentive to retain last resort customers.

### **Proposed New Last Resort Factors and Renewable Energy Charge**

The LRS Administrative Factors, LRS Adjustment Factors and the Renewable Energy Charge (RES) used in this Memo are based on the factors currently in place.

On February 16, 2024, subsequent to the Company's filing in this docket, the Company filed its 2024 Annual Retail Rate Filing which includes proposed new LRS Administrative Factors and LRS Adjustment Factors effective April 1, 2024. On February 26, 2024 the Company also filed its 2024 Renewable Energy Standard Charge (RES) effective April 1, 2024. Attachment AM-1 compares the proposed LRS rates with current factors and RES charge vs. proposed LRS rates with proposed new factors and RES charge.

The Division recommends that the Commission approve the Company's base LRS charge for all groups as filed and final LRS rates including approved factors and RES charge for all groups be approved through the Company's pending Retail Rate Filing and Renewable Energy Standard charge filing in dockets 24-07-EL and 24-08-EL respectively.

### **Division Confirmation of Compliance**

After review, the Division finds that the proposed Last Resort base rates contained in the filing for Residential, Commercial, and Industrial customers are correctly calculated and comply with the PUC-approved Last Resort Procurement Plan as approved in Docket 22-02-EL.

The Division also finds that the power supply procurements undertaken by the Company in the Docket reporting period comply with the approved Last Resort Procurement Plan and recommends that the proposed Last Resort rates be approved as filed.

## Rhode Island Energy Last Resort Service - Docket 24-04-EL

## Proposed LRS Base Rates with Current Factors and RES Charge (¢/kWh)

	Residential	Commercial		Commercial Variable					Industrial		
		Fixed	Apr	May	Jun	Jul	Aug	Sep	Apr	May	June
Base	8.908	8.353	8.149	6.813	7.885	10.083	9.202	7.557	6.712	6.104	6.689
LRS Admin	0.383	0.375	0.375	0.375	0.375	0.375	0.375	0.375	0.780	0.780	0.780
RES	0.833	0.833	0.833	0.833	0.833	0.833	0.833	0.833	0.833	0.833	0.833
	<u>10.124</u>	<u>9.561</u>	<u>9.357</u>	<u>8.021</u>	<u>9.093</u>	<u>11.291</u>	<u>10.410</u>	<u>8.765</u>	<u>8.325</u>	<u>7.717</u>	<u>8.302</u>

## Proposed LRS Base Rates with Proposed Factors and RES Charge (¢/kWh)

	Residential	Commercial		Commercial					Industrial		
		Fixed	Apr	May	Jun	Jul	Aug	Sep	Apr	May	June
Base	8.908	8.353	8.149	6.813	7.885	10.083	9.202	7.557	6.712	6.104	6.689
LRS Admin	0.269	0.311	0.311	0.311	0.311	0.311	0.311	0.311	0.337	0.337	0.337
RES	1.200	1.200	1.200	1.200	1.200	1.200	1.200	1.200	1.200	1.200	1.200
	<u>10.377</u>	<u>9.864</u>	<u>9.660</u>	<u>8.324</u>	<u>9.396</u>	<u>11.594</u>	<u>10.713</u>	<u>9.068</u>	<u>8.249</u>	<u>7.641</u>	<u>8.226</u>