



STATE OF RHODE ISLAND

DIVISION OF PUBLIC UTILITIES & CARRIERS
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**To: Stephanie De La Rosa, Commission Clerk
Public Utilities Commission**

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

Date: March 11, 2025

**Re: Docket No. 25-03-EL The Narragansett Electric Company – Last Resort Service
Rate Filing**

On January 16, 2025, 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, 2025, 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.

The Company’s filing included the following:

- 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 6, 2024 to solicit LRS supply for the period April 2025 through March 2027 for the Residential and Commercial Group, and April 2025 through June 2025 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 2025 through March 2027 for the Residential and Commercial Group, and April 2025 through June 2025 for the Industrial Group.

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

Last Resort Service Procurement Plan Summary

Industrial Group: 100% of the load for **April 2025 through June 2025**.

Commercial Group:

With this most recent solicitation for 15% of the load requirements for the **April 2025 through March 2027** period, 90% of the load requirements for the Commercial Group for the April 2025 through September 2025 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. As per the approved Procurement Plan¹, the spot market purchase is scheduled to increase from 10% to 15% in October 2025.

Residential Group:

As with this most recent solicitation for another 15% of the load requirements for the **April 2025 through March 2027** period, 90% of the load requirements for the Residential Group for the April 2025 through September 2025 period have now been procured, the Company will purchase the remaining 10% of the load in the spot market as the approved plan specifies. As with the Commercial group, the spot market purchase for the Residential group is also scheduled to increase from 10% to 15% in October 2025.

Last Resort Service Proposed Rates and Trends

Industrial Group Rates

The LRS rates proposed for the **Industrial Customer Group** for the April 2025 through June 2025 period, including the current per-kWh Last Resort Administrative Cost Factor of \$0.00337 and the current Renewable Energy Charge of \$0.01200, are:

- April 2025: \$0.08791/kWh
- May 2025: \$0.07970/kWh
- June 2025: \$0.08453/kWh

¹ RIPUC Docket 24-20-EL

The three-month average of the proposed April 2025 through June 2025 Industrial Group LRS rate is \$0.08405/kWh, which results in about a 44% decrease when compared with the current January 2025 through March 2025 average Industrial Last Resort rate of \$0.15010/kWh. By comparison, the proposed three-month average rate represents an increase of about 5% when compared to last year's April 2024 through June 2024 Industrial average rate of \$0.08039/kWh.

Commercial Rates

The **fixed price option** LRS rate proposed for the **Commercial Customer Group** for the April 2025 through September 2025 period, including the current per-kWh Last Resort Administrative Cost Factor of \$0.00311 and the Renewable Energy Charge of \$0.01200, is:

- April 2025 – September 2025: \$0.09922/kWh

The proposed rate represents a decrease of about 38% when compared with the current fixed price option charge of \$0.15943/kWh but compared to last year's April 2024 through September 2024 Commercial Group LRS fixed summer rate of \$0.09864/kWh, the proposed rate represents an increase of about 1% 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 2025 \$0.10431/kWh
- May 2025 \$0.08984/kWh
- June 2025 \$0.08839/kWh
- July 2025 \$0.11567/kWh
- August 2025 \$0.10531/kWh
- September 2025 \$0.08924/kWh

Residential Rates

The LRS rate proposed for the **Residential Customer Group** for the April 2025 through September 2025 period, including the current per-kWh Last Resort Administrative Cost Factor of \$0.00269 and the current Renewable Energy Charge of \$0.01200, is:

- April 2025 – September 2025: \$0.10175/kWh

The proposed rate represents a decrease of about 38% when compared with the current LRS rate of \$0.16387/kWh and compared to last year's April 2024 through September 2024 LRS average summer rate of \$0.10377/kWh, the proposed rate represents a decrease of about 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 (below) shows this trend going back to the Spring of 2020.

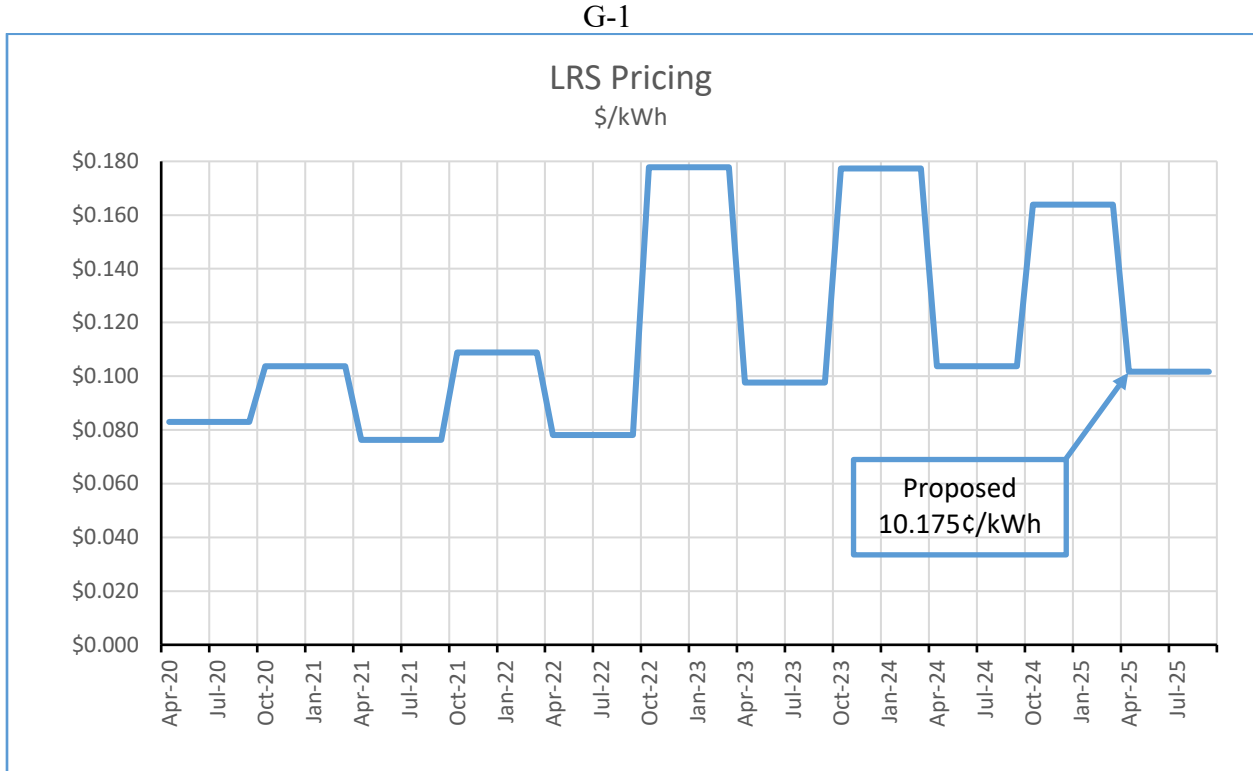


Table 1 – Residential A-16 Rate Class

Monthly kWh	Current Bill	Proposed Bill	Total Decrease	% Decrease
300	\$106.42	\$87.01	\$19.41	18.2%
500	\$169.86	\$137.51	\$32.35	19.0%
1200	\$391.89	\$314.24	\$77.65	19.8%

As presented in Table 1, a typical A-16 residential customer using 500 kWh’s per month would see a \$32.35 or about 19% 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 14, 2025, subsequent to the Company's filing in this docket, the Company submitted its 2025 Annual Retail Rate Filing which includes proposed new LRS Administrative Factors and LRS Adjustment Factors effective April 1, 2025. On February 25, 2025, the Company also filed its 2025 Renewable Energy Standard Charge (RES) effective April 1, 2025. Attachment AC-1 displays the proposed LRS rates with current factors and RES charge and the proposed LRS rates with proposed new factors and RES charge.

The Division notes that the final Residential LRS rate calculated with the factors in Company's pending Retail Rate Filing and Renewable Energy Standard Charge filing in Dockets 25-04-EL and 25-05-EL respectively is 10.068¢, slightly lower than the proposed 10.175¢/kWh and also slightly lower than the 10.377¢ April 2024 rate.

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 24-20-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 25-03-EL

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

	Commercial		Commercial Variable						Industrial		
	Residential	Fixed	Apr	May	Jun	Jul	Aug	Sep	Apr	May	June
Base	8.706	8.411	8.920	7.473	7.328	10.056	9.020	7.413	7.254	6.433	6.916
LRS Adj	-	-	-	-	-	-	-	-	-	-	-
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
	10.175	9.922	10.431	8.984	8.839	11.567	10.531	8.924	8.791	7.970	8.453

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

	Commercial		Commercial						Industrial		
	Residential	Fixed	Apr	May	Jun	Jul	Aug	Sep	Apr	May	June
Base	8.706	8.411	8.920	7.473	7.328	10.056	9.020	7.413	7.254	6.433	6.916
LRS Adj	-0.355	-0.600	-0.600	-0.600	-0.600	-0.600	-0.600	-0.600	0.555	0.555	0.555
LRS Admin	0.256	0.307	0.307	0.307	0.307	0.307	0.307	0.307	0.148	-0.148	-0.148
RES	1.461	1.461	1.461	1.461	1.461	1.461	1.461	1.461	1.461	1.461	1.461
	10.068	9.579	10.088	8.641	8.496	11.224	10.188	8.581	9.418	8.301	8.784