

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: NARRAGANSETT ELECTRIC COMPANY DOCKET NO. 2867
 HIGH VOLTAGE RATE FILING

REPORT AND ORDER

On January 25, 1999, the Narragansett Electric Company ("Narragansett" or "Company") filed with the Public Utilities Commission ("Commission") a proposal to introduce two new companion generic tariffs to its existing tariffs relating to High Voltage Delivery Service. Under the proposed tariffs,¹ the Company will supply High Voltage Delivery Service to any customer with demands greater than 200 kW taking end-use delivery service directly from 115 kV or 69 kV facilities where the high voltage facilities serving the customer are sized according to the amount of power received by the customer.

The Company proposed that the H-72 rate and tariff be applicable to service provided to the National Railroad Passenger Corporation, also known as "Amtrak".² Amtrak was scheduled to take traction power service at high voltage as part of its Northeast Electrification Project in latter 1999, and to take this service at Narragansett's "Blackburn Switching Station" located directly underneath Narragansett's existing transmission lines in Warwick. At the switching station is a 115 kV underground interconnection to Amtrak's

¹ Designated High Voltage Service Rate H-72 and High Voltage Back-Up Service Rate B-72.

² Amtrak was accepted as an official intervenor without objection.

substation.³ Both facilities, Narragansett's switching station and Amtrak's substation, were under construction at the time of the rate filing, and were subsequently completed. Narragansett proposes to make this service available to any other customer that would qualify for service under the proposed tariffs.

Narragansett offered the testimony of two witnesses in support of its filing. Mr. James M. Molloy, Senior Rate Analyst for New England Power Service Company testified on the design of the proposed rates.⁴ Ms. Kathy Lyford, Lead Project Engineer Coordinator for Narragansett Electric Company, testified on the infrastructure and engineering component of the project.

According to Mr. Molloy, Amtrak will be a customer with a very low load factor that will impose significant high demands of very short duration on the Narragansett system. This usage pattern occurs because trains will pass through Narragansett's territory at a rapid pace. Presently, Narragansett does not have a rate that would apply to the unique usage pattern of Amtrak. The proposed generic rates were derived from an Allocated Cost of Service Study approved by the Commission in Docket No. 2515⁵ and are based on the combined revenue requirements of the G-32 and G-62 rate classes⁶, excluding allocated costs associated with lower voltage distribution facilities. Under the G-32 and G-62 rates, the customer would be billed for the cost of distribution through demand and energy charges and receive a delivery credit whenever the

³Tr., 4/29/99, p. 52.

⁴ NEC Exh. 1.

⁵ Narragansett Electric Co. Electric Restructuring Plan approved in Order No. 15382 (issued September 4, 1997).

customer did not use the Company's distribution facilities when taking service at 115 kV. The rate design of the high voltage delivery credit does not provide a consistent matching of costs and revenues from customers such as Amtrak. As a result, Narragansett eliminated the credit and designed a rate that consists of a monthly customer charge and a unified distribution charge, plus other charges that are applicable to all customers.⁷ Amtrak would be responsible for all costs to transfer the power from the high voltage delivery point.

Other terms and conditions of the tariff required the customer to undertake safety precautionary measures that include reliability performance and engineering studies. The customer is obligated to meet reliability performance standards in order to assure that the provision of the service directly from the transmission system does not adversely affect other customers. Finally, Amtrak is required to execute a high voltage service agreement with the Company which must be filed with the Commission for approval.

Amtrak objected to Narragansett's `proposed generic rates on the basis that the rates were developed from an outdated cost of service and the rate design of the G-32 and G-62 rate classes. Amtrak was concerned that the average load factor of customers under this rate class did not resemble the load characteristics of Amtrak. Given the nature of Amtrak's unusual load and its

⁶ The 200 kW Demand Rate G-32 and the 3000 kW Demand Rate G-62 are applicable to customers taking retail high voltage delivery service.

expected growth over the next several years, Amtrak was concerned that the bulk of the facilities-related charges were built into the distribution charge. Amtrak maintained that the proposed generic rates contained both a low customer charge and a high distribution charge. Amtrak filed the testimony of its witness, Mr. Stan C. Faryniarz of La Capra Associates.⁸

The Division of Public Utilities and Carriers ("Division") filed the testimony of Dr. Charles E. Johnson, Ph.D.⁹ Dr. Johnson's testimony focused on the cost basis of the service and the rate structure of the proposed rates. Dr. Johnson did not oppose application of the proposed rates to customers with loads similar to those of the Company's G-32 and G-62 customers. However, because of the unusual nature of the Amtrak load and its dissimilarity to the G-32 and G-62 customer loads, he did not believe that the H-72 rate was appropriate for Amtrak. He noted that the Company will be making an investment of approximately \$1.1 million in facilities required to serve Amtrak. Coupled with the uncertainty of expected loads, usage and revenues to be generated by Amtrak, Dr. Johnson believed that the proposed rate, as filed, did not provide Narragansett with sufficient cost recovery. Instead, he recommended that a separate rate be developed solely for Amtrak's load and electric propulsion requirements. Dr. Johnson created a cost of service study which the Company, Division and Amtrak utilized in developing a specific electric propulsion rate for Amtrak.

⁷ Transmission rate, transition charges and demand side management charges.

⁸ Amtrak Exh. 1.

On April 28, 1999, a Stipulation and Settlement on Rate Issues ("Settlement"),¹⁰ executed by Narragansett, the Division, and Amtrak (collectively, the "Parties"), was filed with the Commission. The Settlement recited that it "resolves all issues relating to the High Voltage Rate tariffs proposed by the Company and the tariff that will be applicable for service to Amtrak at its Warwick substation." However, the settling parties noted that the terms and conditions of the service agreement between the Company and Amtrak were still under negotiation.

After notice, a public hearing was held on April 29, 1999 at the Commission's offices, 100 Orange Street, Providence, RI. The following appearances were entered:

| | |
|---------------------|--|
| FOR NARRAGANSETT: | Ronald T. Gerwatowski, Esq. |
| FOR THE DIVISION: | Beth A. Kelleher, Esq. Special Assistant Attorney General |
| FOR AMTRAK: | Andrew J. Newman, Esq. and Wayne Frigard, Esq. |
| FOR THE COMMISSION: | Adrienne G. Southgate General Counsel |

A panel of witnesses testified in support of the Settlement, including James M. Molloy, Dr. Charles E. Johnson and Stan C. Faryniarz. In the

⁹ Div. Exh. 1.

¹⁰The Settlement, as modified at the hearing on April 29, 1999 and admitted as Joint Ex. 1, is attached hereto as Appendix A and incorporated by reference herein.

Settlement, the parties agreed that a new "Electric Propulsion Rate" would be implemented and would apply to Amtrak.¹¹ Amtrak agreed to reimburse the Company for its entire capital costs, estimated to be approximately \$1,120,000, of constructing facilities to serve Amtrak. The parties also agreed that any future investment the Company makes to facilities at Amtrak's Warwick substation would be allocated directly to the Electric Propulsion Rate class in future rate cases. At the hearing, the parties agreed to certain conforming textual changes in the Settlement and the appended tariffs.¹² Finally, the Company and the Division agreed that the High Voltage Rate Tariffs H-72 and B-72, as modified in Attachment 2 to the Settlement, were just and reasonable and recommended their approval by the Commission.¹³

At an open meeting held on May 11, 1999, the Commission reviewed the record and the evidence presented, found the Settlement to be a fair and reasonable resolution to the rate issues raised by the parties, and approved the Settlement. Approval of an interconnection agreement was deferred to allow the Company and Amtrak to continue negotiating the terms and conditions of the service agreement. The parties agreed to subsequently file such an agreement for approval by the Commission.

¹¹The new rate, designated Electric Propulsion Rate X1, is appended as Attachment 1 to the Settlement.

¹² The Stipulation and Settlement of Rate Issues AS MODIFIED was filed with the Commission on April 29, 1999.

¹³ Amtrak had no objection to tariffs H-72 and B-72 provided they were not applicable to Amtrak.

On February 17, 2000, an Interconnection High Voltage Service Agreement ("Interconnection Agreement") between Amtrak and Narragansett¹⁴ was filed for Commission approval. The Division engaged consultant Gregory Booth, P.E. of Booth and Associates, to review the interconnection agreement. Mr. Booth's review indicated that Narragansett's quality of service to its customers would not be compromised and that the agreement provided adequate protection and appropriately assigned responsibility for any power quality problems that might occur. On March 13, 2001, the Division's Chief Accountant, Stephen Scialabba, filed a memorandum stating that the Division had reviewed and accepted the provisions of the interconnection agreement, and recommended its approval by the Commission.

At open meeting held March 21, 2001, the Commission approved the Interconnection Agreement.

Accordingly, it is hereby

(16752) ORDERED:

1) Narragansett Electric Company's rate filing filed on January 25, 1999, seeking approval to implement two High Voltage Delivery Service rates, is hereby denied and dismissed.

2) The Stipulation and Settlement on Rate Issues filed on April, 28, 1999, as modified at the hearing of April 29, 2001 (and a conformed copy of which was filed with the Commission on April 29, 2001), is hereby approved.

¹⁴ The Interconnection Agreement is attached as Appendix B hereto and incorporated by reference herein.

3) Narragansett Electric Company's proposed Electric Propulsion Rate X1 is hereby approved effective as of May 11, 1999.

4) Narragansett Electric Company's proposed High Voltage Delivery Service Rate H-72 and High Voltage Back-Up Service Rate B-72 are hereby approved effective as of May 11, 1999.

5) The Interconnection High Voltage Service Agreement between Amtrak and Narragansett Electric Company filed on February 17, 2000 is hereby approved.

DATED AND EFFECTIVE AT PROVIDENCE, RHODE ISLAND
PURSUANT TO OPEN MEETING DECISIONS ON MAY 11, 1999 AND
MARCH 21, 2001. WRITTEN ORDER ISSUED OCTOBER 26, 2001.

PUBLIC UTILITIES COMMISSION





Kate F. Racine, Commissioner



Brenda K. Gaynor, Commissioner

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

In Re: High Voltage Rate Filing

Docket 2867

Stipulation and Settlement of Rate Issues As MODIFIED

This Stipulation and Settlement ("Settlement") is entered into among The Narragansett Electric Company ("Company" or "Narragansett"), the Division of Public Utilities and Carriers ("Division"), and National Railroad Passenger Corporation ("Amtrak") (together, the "Parties").

The purpose of this Settlement is to resolve all issues relating to the High Voltage Rate tariffs proposed by the Company and the tariff that will be applicable for service to Amtrak at its Warwick substation.

1. Background

Narragansett proposed in this docket two generic tariffs for high voltage delivery service (H-72 and B-72) that would be applicable to all customers with demands of 200 kW or greater taking delivery service over Company-owned high voltage facilities at 69 kilovolts or greater where the transmission facilities serving the customer are sized according to the amount of power received by the customer. The design of the H-72 and B-72 rates were based on the design of the current G-32 and G-62 rates. In this case, Narragansett also proposed that the H-72 rate and tariff be applicable for service to Amtrak.

Amtrak intervened and submitted pre-filed testimony, questioning the appropriateness of

applying the H-72 rate to Amtrak because Amtrak's projected load characteristics would be different than those of certain customers in the G-32 and G-62 classes. In addition, Amtrak objected to certain costs included in the rate.

The Division filed testimony stating that, in general, the Division supported the approval of the generic H-72 and B-72 tariffs for applicability to customers with loads similar to those of customers in the G-32 and G-62 classes.¹ However, the Division maintained that, because of the unusual nature of the Amtrak loads, it would not be appropriate to apply the H-72 tariff to Amtrak because Amtrak's projected loads would not be similar to the load characteristics of G-32 and G-62 customers. As a result, the Division proposed the development of a separate rate that would be applicable to Amtrak only, based on an Amtrak-specific cost of service.

The Parties discussed their differences and have agreed to implement a special rate and tariff that would be applicable to Amtrak for traction power loads served at Amtrak's Warwick substation. The rate is set forth in Attachment 1 to this Settlement. The rate is based, in part, on the cost of service methodology proposed by the Division. However, because Amtrak did not completely agree with the Division's approach, the rate was further adjusted to reach the compromise reflected in this Settlement.

With respect to the terms and conditions for service applicable to Amtrak, the Parties are still negotiating, and are hopeful that Narragansett and Amtrak will be able to file a High Voltage Service Agreement with the Commission shortly. The purpose of this Settlement is to resolve the

¹ The Division noted that some adjustments might be appropriate the next time that Narragansett has a rate design proceeding before the Commission.

rate issues only.

2. Amtrak Rate

The Parties agree as follows:

- (a) The "Electric Propulsion Rate" set forth in Attachment I shall be applicable to Amtrak.
- (b) Amtrak shall make a lump sum payment to the Company reimbursing the Company for its entire capital cost of constructing facilities for Amtrak, plus applicable tax liability. The Company estimates such capital cost to be approximately, \$1,120,000 (excluding the tax gross up). On or after October 1, 1999, the Company shall provide Amtrak with an invoice for the amount due and Amtrak shall make such payment by November 1, 1999. To the extent that the invoice does not include the final amount due, the payment will be subject to a true-up for any under or overpayments. Amtrak shall have the right to audit the Company's costs.
- (c) With respect to any future investments that the Company makes to the facilities directly serving Amtrak traction power load at Amtrak's Warwick substation, the Parties agree that those costs shall be allocated directly to the Electric Propulsion Rate class as a part of future rate cases (whether rate design proceedings or full cost of service rate cases). However, nothing in this paragraph shall preclude Amtrak from offering to reimburse the Company in lump sum, plus applicable tax liability, for such future investments in lieu of having such costs carried in rate base applicable to Amtrak.

- (d) In future rate cases (whether rate design proceedings or full cost of service rate cases) all Parties reserve their rights to take whatever position they deem appropriate with respect to the allocation of costs to the Electric Propulsion Rate class, subject to paragraph 2(c) above.

3. **Rates H-72 and B-72**

The Company and the Division agree that the High Voltage Rate Tariffs H-72 and B-72 are just and reasonable and should be approved by the Commission, as modified in Attachment 2 to this Settlement. The Division expressly reserves its right to propose changes to either of the rates in any future rate case of the Company (whether rate design proceedings or full cost of service rate cases). Amtrak has no objection to the approval of the H-72 and B-72 tariffs, provided that they are not applicable to Amtrak.

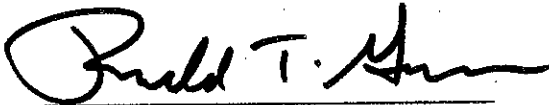
4. **General Provisions**

- (a) This Settlement is the product of settlement negotiations. The content of those negotiations is privileged and all offers of settlement shall be without prejudice to the position of any party.
- (b) This Settlement is submitted on the condition that it be approved in full by the Commission, and on the further condition that if the Commission does not approve the

Settlement in its entirety, the Settlement shall be deemed withdrawn and shall not constitute a part of the record in any proceeding or used for any purpose.

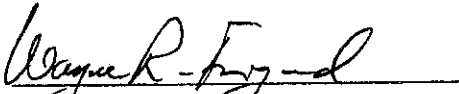
Respectfully submitted,

THE NARRAGANSETT ELECTRIC COMPANY
By its Attorney



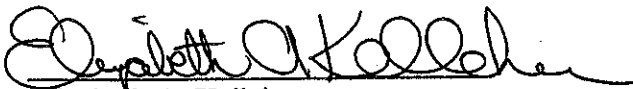
Ronald T. Gerwatowski
General Counsel

NATIONAL RAILROAD PASSENGER CORPORATION
By its Attorneys



Andrew Newman
Wayne Frigard
Rubin & Rudman

THE DIVISION OF PUBLIC UTILITIES AND CARRIERS
By its Attorney



Elizabeth A. Kelleher
Special Assistant Attorney General

Dated: April 28, 1999

Attachment 1

THE NARRAGANSETT ELECTRIC COMPANY

Electric Propulsion Rate (X-1)
High Voltage Delivery Service

Effective
May 1, 1999

R.I.P.U.C. No.

Monthly Charge As Adjusted

Rates for High Voltage Delivery Service

| | |
|--|-----------|
| <u>Customer Charge per month</u> | \$ 10,000 |
| <u>Transmission Demand Charge per kW</u> | \$ 1.34 |
| <u>Non-Bypassable Transition Charge per kWh</u> | 1.150¢ |
| <u>Transmission Adjustment Factor per kWh</u> | 0.068¢ |
| <u>Distribution Energy Charge per kWh*</u> | 0.462¢ |
| <u>Conservation and Load Management Adjustment per kWh</u> | 0.230¢ |

Rates for Standard Offer Service or Last Resort Service (Optional)

| | |
|-------------------------------|--------------------------------|
| <u>Standard Offer per kWh</u> | 3.500¢ (Eff. January 1, 1999) |
| <u>Last Resort per kWh</u> | per Last Resort Service tariff |

- * Includes 0.068¢ per kWh for phase-in of FAS 106 (Eff. Jan. 1, 1998), 0.028¢ per kWh for Standard Offer Adjustment Provision (Eff. Jan. 1, 1999) and 0.214¢ per kWh and 0.152¢ per kWh for Performance Based Rate Adjustment effective Jan. 1, 1997 and Jan. 1, 1998 respectively.

Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes (when applicable).
However, such taxes, when applicable, will appear on bills sent to customers.

Other Rate Clauses apply as usual.

**THE NARRAGANSETT ELECTRIC COMPANY
ELECTRIC PROPULSION RATE (X-1)
HIGH VOLTAGE DELIVERY SERVICE**

AVAILABILITY

This rate shall apply to any customer taking service for traction power at voltages of 69kV or greater.

MONTHLY CHARGE

The Monthly Charge will be the sum of the High Voltage Delivery Service Charges set forth in the cover sheet of this tariff.

PEAK AND OFF-PEAK PERIODS:

| | | |
|-------------|---------------------|-------------------------------|
| PEAK HOURS: | June - September | -- 8 a.m. - 10 p.m. Weekdays, |
| | December - February | -- 7 a.m. - 10 p.m. Weekdays |
| | October - November | |
| | March - May | -- 8 a.m. - 9 p.m. Weekdays |

| | |
|-----------------|-----------------|
| OFF-PEAK HOURS: | All other hours |
|-----------------|-----------------|

Weekdays shall mean Monday through Friday, excluding the following holidays: New Years' Day, President's Day, Memorial Day, Independence Day, Columbus Day (observed), Labor Day, Veteran's Day, Thanksgiving Day and Christmas Day.

DEMAND

The Demand for each month under ordinary load conditions shall be the greatest of the following:

- a) The greatest peak occurring in such month during Peak hours as measured in kilowatts,
- b) 80% of the greatest peak occurring in such month during Peak hours as measured in kilovolt-amperes,
- c) 50% of the greatest peak occurring in such month during Off-Peak Hours as measured in kilowatts,
- d) 40% of the greatest peak occurring in such month during Off-Peak Hours as measured in kilovolt-amperes,
- e) 75% of the greatest Demand as so determined above during the preceding eleven months, and
- f) 10 kilowatts.

Demand shall be measured in fifteen minute intervals.

**THE NARRAGANSETT ELECTRIC COMPANY
ELECTRIC PROPULSION RATE (X-1)
HIGH VOLTAGE DELIVERY SERVICE**

RATE ADJUSTMENT PROVISIONS:

Transmission Service Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Transmission Service Cost Adjustment Provision.

Transition Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Non-Bypassable Transition Charge Adjustment Provision.

Standard Offer Adjustment

The customer will pay any charges required pursuant to the terms of the Company's Standard Offer Adjustment Provisions, whether or not the customer is taking or has taken Standard Offer Service.

Conservation and Load Management Adjustment

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Conservation and Load Management Adjustment Provision as from time to time effective in accordance with law.

Performance Based Rate Adjustment

The amount determined under the preceding provisions shall be adjusted periodically in accordance with Section 39-1-27.5 of the Rhode Island General Laws.

STANDARD OFFER SERVICE

The customer may take Standard Offer Service pursuant to the terms of the Standard Offer Service tariff.

LAST RESORT SERVICE

If at any time the customer does not take its power supply from a non-regulated power producer and becomes ineligible for Standard Offer Service, the customer will receive Last Resort Service pursuant to the Last Resort Service tariff.

**THE NARRAGANSETT ELECTRIC COMPANY
HIGH VOLTAGE RATE (H-72)
HIGH VOLTAGE DELIVERY SERVICE**

AVAILABILITY

This rate shall be mandatory for all customers with demands of 200 kW or greater who take delivery service over Company-owned high voltage facilities at 69 kilovolts or greater where the high voltage facilities serving the customer are sized according to the amount of power received by the customer. However, this tariff shall not apply to customers taking service at high voltage who have a special contract or customer-specific rate applicable to their service that has been approved by the Commission.

MONTHLY CHARGE

The Monthly Charge will be the sum of the High Voltage Delivery Service Charges set forth in the cover sheet of this tariff.

PEAK AND OFF-PEAK PERIODS:

| | | |
|-------------|---------------------|-------------------------------|
| PEAK HOURS: | June - September | -- 8 a.m. - 10 p.m. Weekdays, |
| | December - February | -- 7 a.m. - 10 p.m. Weekdays |
| | October - November | |
| | March - May | -- 8 a.m. - 9 p.m. Weekdays |

OFF-PEAK HOURS: All other hours

Weekdays shall mean Monday through Friday, excluding the following holidays: New Years' Day, President's Day, Memorial Day, Independence Day, Columbus Day (observed), Labor Day, Veteran's Day, Thanksgiving Day and Christmas Day.

DEMAND

The Demand for each month under ordinary load conditions shall be the greatest of the following:

- a) The greatest peak occurring in such month during Peak hours as measured in kilowatts,
- b) 80% of the greatest peak occurring in such month during Peak hours as measured in kilovolt-amperes,
- c) 50% of the greatest peak occurring in such month during Off-Peak Hours as measured in kilowatts,
- d) 40% of the greatest peak occurring in such month during Off-Peak Hours as measured in kilovolt-amperes,
- e) 75% of the greatest Demand as so determined above during the preceding eleven months, and
- f) 10 kilowatts.

Demand shall be measured in fifteen minute intervals unless, in the Company's judgment, it is more appropriate to use intervals of shorter periods to measure the customer's demand due to the characteristics and pattern of the customer's usage and load.

THE NARRAGANSETT ELECTRIC COMPANY
HIGH VOLTAGE RATE (H-72)
HIGH VOLTAGE DELIVERY SERVICE

OPTIONAL DETERMINATION OF DEMAND

A Customer who has been served hereunder for one year or more may upon written request have the Demand for each month, beginning with the next month after such request and running for a period of not less than two consecutive months, be based upon the greatest of items (a), (b), (c), (d), and (f) above. In such case, the Demand Charge and the Energy Charge will be increased by 20% during any such period.

RATE ADJUSTMENT PROVISIONS:

Transmission Service Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Transmission Service Cost Adjustment Provision.

Transition Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Non-Bypassable Transition Charge Adjustment Provision.

Standard Offer Adjustment

All Customers served on this rate must pay any charges required pursuant to the terms of the Company's Standard Offer Adjustment Provisions, whether or not the Customer is taking or has taken Standard Offer Service.

Conservation and Load Management Adjustment

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Conservation and Load Management Adjustment Provision as from time to time effective in accordance with law.

Performance Based Rate Adjustment

The amount determined under the preceding provisions shall be adjusted periodically in accordance with Section 39-1-27.5 of the Rhode Island General Laws.

STANDARD OFFER SERVICE

Any Customer served under this rate who is eligible for Standard Offer Service shall receive such service pursuant to the Standard Offer Service tariff.

LAST RESORT SERVICE

Any Customer served under this rate who does not take its power supply from a non-regulated power producer and is ineligible for Standard Offer Service will receive Last Resort Service pursuant to the Last Resort Service tariff.

**THE NARRAGANSETT ELECTRIC COMPANY
ELECTRIC PROPULSION RATE (X-1)
HIGH VOLTAGE DELIVERY SERVICE**

HIGH VOLTAGE SERVICE AGREEMENT

As a condition for service at high voltage, the Company and the customer shall execute a service agreement that sets forth the terms and conditions for service, including as necessary any reasonable reliability and safety performance requirements and other just and reasonable terms and conditions for taking service, provided that such agreement is filed with the Commission for review and approval. If the Company and the customer are unable to agree on the terms of such agreement, the Company has the right to file an unexecuted form of agreement for approval by the Commission, provided that a copy of the filing is served on the customer. The customer has the right to dispute the reasonableness of any terms of the agreement. The final terms of the form of agreement approved by the Commission (with any modifications the Commission may deem appropriate) will become a part of this tariff with respect to service for the customer when the customer commences taking service at high voltage.

CONSTRUCTION REIMBURSEMENT PAYMENT

The customer shall be required to reimburse the Company for its capital costs incurred for the construction of facilities designed to serve the customer directly, which costs have been incurred prior to the commencement of commercial train service by the customer. Such reimbursement shall also include any applicable tax liability arising out of Internal Revenue Service requirements relating to contributions in aid of construction.

GROSS EARNINGS TAX

A Rhode Island Gross Earnings Tax adjustment will be applied to the charges determined above in accordance with Rhode Island General Laws.

TERMS AND CONDITIONS

The Company's Terms and Conditions in effect from time to time, where not inconsistent with any specific provisions hereof (including the high voltage service agreement), are a part of this rate.

EFFECTIVE DATE OF RATES FOR SERVICE

The rates set forth in this tariff shall be charged to the customer, commencing on the date that the customer is scheduled to begin electric service from the customer's Warwick substation to run trains on its traction power system, or such other date that may be mutually agreeable to the customer and the Company. However, to the extent that the customer consumes any kilowatthours during any testing period, the customer shall pay all applicable charges under the Company's Standard Offer Service Tariff.

Effective: May 1, 1999

Attachment 2

THE NARRAGANSETT ELECTRIC COMPANY

High Voltage Rate (H-72)
High Voltage Delivery Service

Effective
July 1, 1999

R.I.P.U.C. No.

Monthly Charge As Adjusted

Rates for High Voltage Delivery Service

| | |
|--|----------------------------|
| <u>Customer Charge per month</u> | \$ 63.75 |
| <u>Transmission Demand Charge per kW</u> | \$ 1.34 |
| <u>Distribution Demand Charge per kW</u> | \$ 0.35 |
| <u>Non-Bypassable Transition Charge per kWh</u> | 1.150¢ |
| <u>Transmission Adjustment Factor per kWh</u> | 0.068¢ |
| <u>Distribution Energy Charge per kWh*</u> | 0.462¢ |
| <u>Conservation and Load Management Adjustment per kWh</u> | 0.230¢ (Eff. Jan. 1, 1997) |

Rates for Standard Offer Service or Last Resort Service (Optional)

| | |
|-------------------------------|--------------------------------|
| <u>Standard Offer per kWh</u> | 3.500¢ (Eff. January 1, 1999) |
| <u>Last Resort per kWh</u> | per Last Resort Service tariff |

- * Includes 0.068¢ per kWh for phase-in of FAS 106 (Eff. Jan. 1, 1998), 0.028¢ per kWh for Standard Offer Adjustment Provision (Eff. Jan. 1, 1999) and 0.214¢ per kWh and 0.152¢ per kWh for Performance Based Rate Adjustment effective Jan. 1, 1997 and Jan. 1, 1998 respectively.

Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes (when applicable).
However, such taxes, when applicable, will appear on bills sent to customers.

Other Rate Clauses apply as usual.

**THE NARRAGANSETT ELECTRIC COMPANY
HIGH VOLTAGE RATE (H-72)
HIGH VOLTAGE DELIVERY SERVICE**

RELIABILITY PERFORMANCE REQUIREMENTS

The Company shall have the right to specify equipment or performance requirements for the customer associated with the provision of high voltage service to the customer's location. Such equipment or performance requirements shall assure that service taken by the customer shall not adversely affect the reliability, safety, or quality of service to the Company's other customers or otherwise adversely affect the operation of the Company's distribution and/or transmission system or equipment. To implement such requirements, the Company may require the customer to execute a High Voltage Service Agreement with the Company that sets forth reasonable reliability and safety performance requirements and other just and reasonable terms and conditions for taking service, provided that such agreement is filed with the Commission.

For purposes of construction advances, the Company's "Line Extension and Construction Advance Policy for Commercial, Industrial, and Non-Residential Customers" shall apply; provided, however, that the service agreement may contain special provisions to reconcile the usage and cost estimates used to determine the advance against actual usage and costs after four years of service.

INTERCONNECTION STUDY

Any customer desiring service under this tariff must make a written request to the Company for a high voltage interconnection study to be performed. Upon receiving such request, the Company shall estimate the cost of the study and provide it in writing to the customer. Prior to commencing the study, the customer shall be required to make a deposit with the Company in an amount equal to the study cost estimate. The Company shall perform the study within a reasonable time after receipt of the deposit. After the completion of the study, the Company will compare the actual study cost to the estimate and, if the cost of the study was less than the estimate, make a refund of the difference to the customer.

ENGINEERING REVIEW SERVICES

To the extent that Company must perform engineering review services to review the design of customer facilities, the Company may charge the customer for its costs of such review.

GROSS EARNINGS TAX

A Rhode Island Gross Earnings Tax adjustment will be applied to the charges determined above in accordance with Rhode Island General Laws.

GROSS EARNINGS TAX CREDIT FOR MANUFACTURERS

Consistent with the gross receipts tax exemption provided in Section 44-13-35 of Rhode Island General Laws, eligible manufacturing customers will be exempt from the Gross Earnings Tax to the extent allowed by the Division of Taxation.

**THE NARRAGANSETT ELECTRIC COMPANY
HIGH VOLTAGE RATE (H-72)
HIGH VOLTAGE DELIVERY SERVICE**

Eligible manufacturing customers are those customers who have on file with the Company a valid certificate of exemption from the Rhode Island sales tax (under section 44-18-30(H) of Rhode Island General Laws) indicating the customer's status as a manufacturer. If the Division of Taxation (or other Rhode Island taxing authority with jurisdiction) disallows any part or all of the exemption as it applies to a customer, the customer will be required to reimburse the Company in the amount of the credits provided to such customer which were disallowed, including any interest required to be paid by the Company to such authority.

TERMS AND CONDITIONS

The Company's Terms and Conditions in effect from time to time, where not inconsistent with any specific provisions hereof, are a part of this rate.

Effective: July 1, 1999

THE NARRAGANSETT ELECTRIC COMPANY

High Voltage Back-Up Service Rate (B-72)
High Voltage Delivery Service

Effective
July 1, 1999

R.I.P.U.C. No.

Monthly Charge As Adjusted

| | <u>Rates for Back-Up Service</u> | <u>Rates for Supplemental Service</u> |
|--|--------------------------------------|---|
| <u>Rates for High Voltage Delivery Service</u> | | |
| <u>Customer Charge per month</u> | \$63.75 | n/a |
| <u>Distribution Demand Charge per kW</u> | \$0.35 | \$0.35 |
| <u>Transmission Demand Charge per kW</u> | \$1.34 | \$1.34 |
| <u>Transmission Adjustment Factor per kWh</u> | 0.068¢ | 0.068¢ |
| <u>Distribution Energy Charge per kWh*</u> | 0.462¢ | 0.462¢ |
| <u>Non-Bypassable Transition Charge per kWh</u> | n/a | 1.150¢ |
| <u>Conservation and Load Management Adjustment per kWh</u> | n/a | 0.230¢ |

Rates for Standard Offer Service or Last Resort Service (Optional)

| | | |
|-------------------------------|-----|--------------------------------|
| <u>Standard Offer per kWh</u> | n/a | 3.500¢ |
| <u>Last Resort per kWh</u> | n/a | per Last Resort Service tariff |

- * Includes 0.068¢ per kWh for phase-in of FAS 106 (Eff. Jan. 1, 1998), 0.028¢ per kWh for Standard Offer Adjustment Provision (Eff. Jan. 1, 1999) and 0.214¢ per kWh and 0.152¢ per kWh for Performance Based Rate Adjustment effective Jan. 1, 1997 and Jan. 1, 1998 respectively.

Tax Note: The rates listed above do not reflect gross earnings tax or sales taxes (when applicable).
However, such taxes, when applicable, will appear on bills sent to customers.

Other Rate Clauses apply as usual.

**THE NARRAGANSETT ELECTRIC COMPANY
HIGH VOLTAGE BACK-UP SERVICE RATE (B-72)
HIGH VOLTAGE DELIVERY SERVICE**

AVAILABILITY

This service shall apply to Customers with demands of 200 kW or greater taking direct delivery of electricity from the Company at voltages of 69kV or greater where the high voltage facilities serving the customer are sized according to the amount of power received by the customer and:

- (i) who receive all or any portion of their electric supply from non-emergency generation unit(s) with a nameplate rating greater than 30 kW ("Generation Units"), where electricity received by the Customer from the Generation Units is not being delivered over Company-owned facilities pursuant to an applicable retail delivery tariff, and
- (ii) who expect the Company to deliver electricity to the Customer over the Company's high voltage facilities to serve the Customer's own load at the service location when the Generation Units are not supplying all of that load.

However, this tariff shall not apply to customers taking service at high voltage who have a special contract or customer-specific rate applicable to their service that has been approved by the Commission. This tariff shall not apply to customers with a contracted demand of 25 kVA or less. All Customers served on this rate must elect to take their total electric delivery service under the metering installation as approved by the Company.

TYPES OF SERVICE

"Back-Up" High Voltage Delivery Service consists of the Company standing ready to provide delivery service to the Customer's load when a non-emergency generator that supplies electricity to the Customer without using Company-owned facilities does not supply all of the Customer's load.

"Supplemental" High Voltage Delivery Service is the delivery over Company-owned high voltage facilities of electricity which is utilized at the Customer's facilities.

MONTHLY CHARGE

The Monthly Charge will be the sum of the Back-Up Service Charges, and the Supplemental Service Charges, as stated below:

BACK-UP HIGH VOLTAGE DELIVERY SERVICE

a) Rates for Back-Up High Voltage Delivery Service

| | |
|---|-----------------|
| <u>Customer Charge per month</u> | see cover sheet |
| <u>Transmission Charge per kW</u> | see cover sheet |
| <u>Distribution Charge per kW</u> | see cover sheet |
| <u>Non-Bypassable Transition Charge per kWh</u> | see cover sheet |
| <u>Distribution Charge per kWh</u> | see cover sheet |

THE NARRAGANSETT ELECTRIC COMPANY
HIGH VOLTAGE BACK-UP SERVICE RATE (B-72)
HIGH VOLTAGE DELIVERY SERVICE

b) Assessment of Kilowatthour Charges

For purposes of billing kWh charges for Back-Up Service, Customers will be billed on actual output of the Customer's Generation Unit(s). If for any reason the Company is unable to meter the Customer's Generation Unit(s), the Company may charge the Customer based on estimated kWh output determined on the assumption that the Generation Units operate at their maximum possible capability at a 100% load factor for the entire month.

c) Determination of Kilowatt Demand

The Company will establish the kilowatt demand to be used for billing Back-Up Service at the level of distribution capacity reserved for the Customer, stated in kilowatts or kilovoltamperes. This demand (or "contractual demand") shall be equal to the generating capability or expected output of the Customer's Generation Unit(s), but shall not exceed the customer's maximum connected load. For a Customer whose actual generation exceeds its contractual demand in any month, a new contractual demand will be established as the greater of the following:

- 1) The greatest fifteen-minute peak of the Customer's Generation Unit(s) occurring in such month as measured in kilowatts; and
- 2) 80% of the greatest fifteen-minute peak of the Customer's Generation Unit(s) occurring in such month as measured in kilovolt-amperes.

If for any reason the Company is unable to meter the Customer's Generation Units, the contractual demand shall be established by the Company at the Company's estimate of the maximum possible generating capability of the Customer's Generation Units.

d) Installation of Meters on Generation

If the Customer elects to be billed on actual meter readings from generators rather than estimates, the Customer shall permit the Company to install meter(s) on the Generation Units providing electricity to the Customer, for purposes of billing under the terms of this rate. The meter shall be in accordance with the Company's reasonable specifications. The Customer will reimburse the Company for the installed cost of the meter and any associated equipment. The Customer shall provide reasonable access to the Company during normal business hours to read such meter in order to bill the Customer for service under this rate.

PEAK AND OFF-PEAK PERIODS:

| | | |
|-------------|---------------------|-------------------------------|
| PEAK HOURS: | June - September | -- 8 a.m. - 10 p.m. Weekdays, |
| | December - February | -- 7 a.m. - 10 p.m. Weekdays |
| | October - November | |
| | March - May | -- 8 a.m. - 9 p.m. Weekdays |

OFF-PEAK HOURS: All other hours

Weekdays shall mean Monday through Friday, excluding the following holidays: New Years' Day, President's Day, Memorial Day, Independence Day, Columbus Day (observed), Labor Day, Veteran's Day, Thanksgiving Day and Christmas Day.

THE NARRAGANSETT ELECTRIC COMPANY
HIGH VOLTAGE BACK-UP SERVICE RATE (B-72)
HIGH VOLTAGE DELIVERY SERVICE

SUPPLEMENTAL HIGH VOLTAGE DELIVERY SERVICE

a) Rates for Supplemental High Voltage Delivery Service

| | |
|---|-----------------|
| <u>Transmission Charge per kW</u> | see cover sheet |
| <u>Distribution Charge per kW</u> | see cover sheet |
| <u>Non-Bypassable Transition Charge per kWh</u> | see cover sheet |
| <u>Distribution Charge per kWh</u> | see cover sheet |

b) Assessment of Kilowatthour Charges

For purposes of billing kWh charges for Supplemental High Voltage Delivery Service, Customers will be billed on the greater of (i) the actual kWh delivered by the Company or (ii) 80% of the actual kVAh delivered less generated kWh usage.

For purposes of billing kWh charges for Standard Offer Service or Last Resort Power Service, Customers will be billed on actual kWh delivered by the Company.

c) Determination of Kilowatt Demand

The Demand for each month for Supplemental Service shall be the greatest of the following:

- a) The greatest peak occurring in such month during Peak hours as measured in kilowatts,
- b) 80% of the greatest peak occurring in such month during Peak hours as measured in kilovolt-amperes,
- c) 50% of the greatest peak occurring in such month during Off-Peak Hours as measured in kilowatts,
- d) 40% of the greatest peak occurring in such month during Off-Peak Hours as measured in kilovolt-amperes,
- e) 75% of the greatest Demand as so determined above during the preceding eleven months, and
- f) 10 kilowatts.

Demand shall be measured in fifteen minute intervals unless, in the Company's judgment, it is more appropriate to use intervals of shorter periods to measure the customer's demand due to the characteristics and pattern of the customer's usage and load.

Adjustments

- (i) In the case of an outage or reduction in output of customer generation below the contractual demand, the Customer's demand for purposes of billing Supplemental High Voltage Delivery Service will be adjusted by the difference between the amount of the contractual demand and the actual output of the generator for the period of the reduction or outage.

**THE NARRAGANSETT ELECTRIC COMPANY
HIGH VOLTAGE BACK-UP SERVICE RATE (B-72)
HIGH VOLTAGE DELIVERY SERVICE**

- (ii) In the case of a Customer generating kilowatts, but receiving reactive power from the Company for their reactive load requirements that otherwise should be supplied by such generation, the Customer's KVA demand for purposes of billing Supplemental High Voltage Delivery Service will be adjusted to properly account for the actual output of the generator.
- (iii) For purposes of the adjustments referred in clauses (i) and (ii) above, if for any reason the Company is unable to meter the Customer's Generation Units, the Company may estimate any adjustment the Company reasonably believes is required. In such case, the Company may request presentation of reasonably reliable documentation from the Customer regarding the operation of the Generation Units before making any such adjustment.

OPTIONAL DETERMINATION OF DEMAND

A Customer who has been served hereunder for one year or more may upon written request have the Demand for each month, beginning with the next month after such request and running for a period of not less than two consecutive months, be based upon the greatest of items (a), (b), (c), (d), and (f) above. In such case, all the Supplemental Charge will be increased by 20% during any such period.

RATE ADJUSTMENT PROVISIONS:

Transmission Service Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Transmission Service Cost Adjustment Provision.

Transition Charge Adjustment

The prices under this rate as set forth under "Monthly Charge" may be adjusted from time to time in the manner described in the Company's Non-Bypassable Transition Charge Adjustment Provision.

Standard Offer Adjustment

All Customers served on this rate must pay any charges required pursuant to the terms of the Company's Standard Offer Adjustment Provisions, whether or not the Customer is taking or has taken Standard Offer Service.

Conservation and Load Management Adjustment

The amount determined under the preceding provisions shall be adjusted in accordance with the Company's Conservation and Load Management Adjustment Provision as from time to time effective in accordance with law.

Performance Based Rate Adjustment

The amount determined under the preceding provisions shall be adjusted periodically in accordance with Section 39-1-27.5 of the Rhode Island General Laws.

**THE NARRAGANSETT ELECTRIC COMPANY
HIGH VOLTAGE BACK-UP SERVICE RATE (B-72)
HIGH VOLTAGE DELIVERY SERVICE**

STANDARD OFFER SERVICE

Any Customer served under this rate who is eligible for Standard Offer Service shall receive such service pursuant to the Standard Offer Service tariff.

LAST RESORT SERVICE

Any Customer served under this rate who does not take its power supply from a non-regulated power producer and is ineligible for Standard Offer Service will receive Last Resort Service pursuant to the Last Resort Service tariff.

RELIABILITY PERFORMANCE REQUIREMENTS

The Company shall have the right to specify equipment or performance requirements for the customer associated with the provision of high voltage service to the customer's location. Such equipment or performance requirements shall assure that service taken by the customer shall not adversely affect the reliability, safety, or quality of service to the Company's other customers or otherwise adversely affect the operation of the Company's distribution and/or transmission system or equipment. To implement such requirements, the Company may require the customer to execute a High Voltage Service Agreement with the Company that sets forth reasonable reliability and safety performance requirements and other just and reasonable terms and conditions for taking service, provided that such agreement is filed with the Commission.

For purposes of construction advances, the Company's "Line Extension and Construction Advance Policy for Commercial, Industrial, and Non-Residential Customers" shall apply; provided, however, that the service agreement may contain special provisions to reconcile the usage and cost estimates used to determine the advance against actual usage and costs after four years of service.

INTERCONNECTION STUDY

Any customer desiring service under this tariff must make a written request to the Company for a high voltage interconnection study to be performed. Upon receiving such request, the Company shall estimate the cost of the study and provide it in writing to the customer. Prior to commencing the study, the customer shall be required to make a deposit with the Company in an amount equal to the study cost estimate. The Company shall perform the study within a reasonable time after receipt of the deposit. After the completion of the study, the Company will compare the actual study cost to the estimate and, if the cost of the study was less than the estimate, make a refund of the difference to the customer.

ENGINEERING REVIEW SERVICES

To the extent that Company must perform engineering review services to review the design of customer facilities, the Company may charge the customer for its costs of such review.

GROSS EARNINGS TAX

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**THE NARRAGANSETT ELECTRIC COMPANY
HIGH VOLTAGE BACK-UP SERVICE RATE (B-72)
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GROSS EARNINGS TAX CREDIT FOR MANUFACTURERS

Consistent with the gross receipts tax exemption provided in Section 44-13-35 of Rhode Island General Laws, eligible manufacturing customers will be exempt from the Gross Earnings Tax to the extent allowed by the Division of Taxation.

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TERMS AND CONDITIONS

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Effective: July 1, 1999