

# Memorandum

**To: L. Massaro**

**Commission Clerk**

**From: D. R. Stearns**

**S. Scialabba**

**Division of Public Utilities & Carriers**

**Date: 11/10/2006**

**Re: Narragansett Electric – Tariff Advice Filing**

**Docket 3771**

---

On September 21, 2006 Narragansett Electric Company d/b/a National Grid (“Narragansett” or “Company”) submitted to the Commission a Tariff Advice filing. The Company proposes a change in the tariff language as it refers to definitions of on-peak and off-peak hours under general service rates B-32, B-62, G32, G62, E-30 and E-40 (R.I.P.U.C. Numbers 1172, 1173, 1177, 1178, 1175, and 1190, respectively). These are all commercial and industrial class rates; there are currently no residential time-of-use rates within Narragansett’s service territory.

Narragansett explains that the filing is necessary to address concerns brought about by legislative changes effected by the Energy Policy Act of 2005 (EPACT). Effective March 2007, Daylight Saving Time (“DST”) will begin three weeks earlier in the spring, and end one week later in the fall, than in prior years. The EPACT allows Congress the flexibility to revert back to the former schedule in the spring of 2008, or to continue with the 2007 schedule. At this time, therefore, the treatment of DST subsequent to 2007 is uncertain.

According to Narragansett, in order to record on-peak and off-peak demand in compliance with current tariff language it would be necessary for the Company to reprogram approximately 1,065 time-of-use customer meters. The meters cannot be reprogrammed remotely, so in order for the meters to record the correct time and thereby correctly attribute billing demand to either the peak or off-peak period during the revised DST period, manual re-programming would be required. The Company estimates the cost of reprogramming at \$100 per meter; thus the cost of reprogramming the affected time-of-use meters is estimated at \$106,500.

The filing also includes an estimate of the bill impacts on customers during 2007 if the meters are not re-programmed. Sampling thirty large customers on the affected rates, the Company developed the estimate. Fifteen-minute interval data for these thirty customers during the periods March 13 through

April 3, 2005 and October 31 through November 7, 2005 was used. Based on the sample, if the EPACT 2007 DST schedule had been in effect in 2005 and meters had not been reprogrammed to accommodate the change, five of the thirty sample customers would have been affected. Of those five customers, two would have realized a decrease in the amount billed, and three would have realized an increase. The magnitude of the bill impacts range from a \$94.23 reduction to a \$943.49 increase. The Company states that the overall incremental increase/decrease amounted to less than three one-hundredths of one percent of the five customers' total 2005 billings.

Narragansett's proposed tariff changes would restate on-peak and off-peak hours for the periods March 11 through March 31, 2007 and October 28 through November 3, 2007, the time periods affected by the EPACT DST schedule. In addition, the Company states, if the Commission approves the tariff advice, Narragansett will, prior to March 2007, send a letter of explanation to each customer affected by the on-peak, off-peak period changes. When Congress has determined the DST schedule beyond 2007, the Company would align all meter clocks with the DST schedule approved for 2008 and beyond.

While the requested tariff changes would bring the Company during 2007 into compliance with current tariff schedules approved by the Commission, the Division is concerned that some customers may have re-aligned their usage patterns in order to take advantage of the lower, off-peak rates. That is, after all, the intent when developing such a rate structure: to send the proper price signal to the customer in an attempt to influence, perhaps to shift, the time of the distribution company's peak load demand.

After discussion with Narragansett representatives, the Division learned that it is possible for the Company to adjust the bills of those customers who could be affected by the EPACT DST change, albeit after the fact. The customer would be automatically billed based on the meter read data as usual, and when the actual usage recorded by the meter is available to the Company, the demand information would be analyzed to determine whether the bill was calculated in accordance with current tariff language. If an adjustment were warranted due to the DST change, the customer would receive a credit or additional charge on a subsequent bill (perhaps two or three months after the original, unadjusted bill had been rendered).

The Division believes after discussion with the Company that such a procedure would have some additional cost associated with it, but much less than the estimated \$106,500 required to reprogram the individual meters.

Based on the information above, the Division recommends that the Commission deny Narragansett's request to change its designation of on-peak/off-peak hours. By so doing, the need for the instant Tariff Advice filing will be eliminated, as the Company will be adhering to the language of the tariffs that are currently in effect and which have been approved by the Commission. The Division further recommends that the Commission direct the Company to:

- retain the current tariff language of rates B-32, B-62, G32, G62, E-30 and E-40;

- For the months of March, April, October and November 2007, perform an analysis of the customer billing demands as recorded by the customers' meters for those customers who could be affected by the EPACT DST change. If the bill as calculated is not in compliance with the existing tariff due to the change in the DST, the Company should apply an adjustment on a subsequent bill as soon as reasonably possible to correct any over or under billing;
- notify each customer taking service on rates E-32, E-62, G-32, G-62, E-30 and E-40 of the potential that they could be affected by the change in the DST schedule, and that their bills will be adjusted if necessary, to insure they are billed correctly. To further avoid customer confusion, the Commission may want to order Narragansett to include an explanatory message with any bill that includes an adjustment from a previous month.

Cc: Thomas Ahern,

Administrator, Division of Public Utilities and Carriers