

October 23, 2009

**VIA HAND DELIVERY & ELECTRONIC MAIL**

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

**RE: Docket 4041 - Standard Offer Procurement Plan**

Dear Ms. Massaro:

On behalf of The Narragansett Electric Company (“National Grid”), I am submitting a revised Standard Offer Service tariff, R.I.P.U.C. No. 2012 and the calculation of National Grid’s Small Customer Standard Offer Service rate that will be effective March 1, 2010. As shown on Attachment 2, page 2, the Standard Offer Service rate for the Small Customer class for the period March 1, 2010 through September 30, 2010 will be 9.281¢ per kWh.

On April 29, 2009 the Company filed its Standard Offer Service Procurement Plan (“Plan”). Included in that Plan was a proposed Tariff for Standard Offer Service, R.I.P.U.C. No. 2012 that reflected the provisions for Standard Offer Service pricing for each customer class based on the procurement strategy proposed in the Plan. At its Open Meeting on September 29, 2009, the Commission approved a Standard Offer Service procurement plan for 2010 and, as part of that procurement strategy, directed the Company to purchase 5% of the Small Customer Standard Offer Service load for the period January 1, 2010 through September 30, 2010 through spot market purchases. As a result of that directive, the Company believes that modifications to the proposed tariff are appropriate. Accordingly, the Company requests that the Commission approve the revised Tariff for Standard Offer Service, R.I.P.U.C. No. 2012 included in Attachment 1. Attachment 1 includes both a clean version of the revised tariff and a version that is marked to show changes from the tariff filed on April 29, 2009.

In addition, the Company is submitting the calculation of National Grid’s Small Customer Standard Offer Service rate that will be effective March 1, 2010. As part of the Company’s Accelerated Procurement Plan, approved by the Commission at its Open Meeting on May 7, 2009, National Grid has procured 95% of the Standard Offer Service for the Small Customer group for the period January 1, 2010 through September 30, 2010 and fifty percent of the supply needs for the period October 1, 2010 through March 31, 2011 through full requirement service contracts. The Company filed the results of its solicitation on July 1, 2009, including a confidential submission with the results of the bids received from suppliers,

but did not include in that filing the actual calculation of the retail rate resulting from the winning bids.

Attachment 2, page 1, contains the Standard Offer Service monthly prices at the retail meter for the period January 1, 2010 through September 30, 2010 for the Small Customer. The monthly prices are calculated as the average of the prices contained in the individual supply contracts plus an estimate of the costs that the Company expects to incur as a result of purchasing 5% of the supply for the Small Customer class through the spot market. The estimate of the spot market prices is based upon the Company's assessment of available electric market pricing data for the relevant pricing period. Attachment 2, page 2 contains National Grid's calculation of the weighted average Standard Offer Service rate for the nine-month price calculated in accordance with National Grid's proposed Tariff for Standard Offer Service. Also reflected in the calculation of retail Standard Offer Service rate shown in Attachment 1, page 2, is the inclusion of the recovery of estimated Generation Information System ("GIS") Costs.<sup>1</sup>

Thank you for your attention to this filing. If you have any questions regarding this Report, please do not hesitate to contact me at (401) 784-7667.

Very truly yours,



Thomas R. Teehan

Enclosures

cc: Docket 4041 Service List  
Steve Scialabba, RI Division

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<sup>1</sup> In accordance with the Commission's Rules Governing Energy Source Disclosure ("Rules") and the Company's Standard Offer Service Adjustment Provision, the Company is allowed to recover the costs of complying with the Rules through the Standard Offer Service rates.

## **ATTACHMENT 1**

**NARRAGANSETT ELECTRIC COMPANY****TARIFF FOR STANDARD OFFER SERVICE****AVAILABILITY**

Standard Offer Service shall be available to all Customers (including new Customers) who have not elected to take their electric supply from a non-regulated power producer or any Customer who, for any reason, has stopped receiving Generation Service from a non-regulated power producer.

**MONTHLY CHARGE**

The Charge for Standard Offer Service will be the sum of the applicable Standard Offer Service charges in addition to all appropriate Retail Delivery charges as stated in the applicable tariff. The monthly charge for Standard Offer Service shall also include the costs incurred by the Company to comply with the Renewable Energy Standard, established in R.I.G.L. Section 39-26-1 and the costs to comply with the Commission's Rules Governing Energy Source Disclosure.

**RATE FOR ALL CLASSES**

The Supplemental Schedule to this tariff sets forth the rates for each rate class for the specified period. These rates are subject to change at the end of the period specified in the Supplemental Schedule. The Company will file a new Supplemental Schedule for the next pricing period prior to the expiration of the current period.

The rates for each rate class shall be as follows:

Small Customer (Rates A-16, A-60, C-06, S-10 and S-14). The rates applicable to this class shall be a fixed price that represents a weighted average of the actual monthly contract prices over the period specified in the Supplemental Schedule, plus an estimate of the costs of any supply not procured through full requirements services contract including, but not limited to, spot market purchases from the Independent System Operator – New England.

Large Commercial & Industrial (Rates G-02, B-32, G-32, B-62, G-62 and X-01). The rates applicable to this class shall be a fixed monthly price that changes each month and represents the actual monthly contract prices for each month of the period specified in the Supplemental Schedule.

**TERMINATION OF STANDARD OFFER SERVICE**

Standard Offer Service may be terminated by a Customer upon the next scheduled meter read provided that notice of the change of supplier was received in accordance with the

Company's Terms and Conditions for Nonregulated Power Producers.

There shall be no fee for terminating Standard Offer Service.

### **BILLING ADJUSTMENT WHEN LEAVING STANDARD OFFER SERVICE**

Small Customers who leave Standard Offer Service to receive Generation Service from a non-regulated power producer shall be subject to a billing adjustment for the time they were billed under the Standard Offer Service rate during the current pricing period. Specifically, the billing adjustment shall be based on the difference between the Standard Offer Service rate in effect for the current pricing period and the actual monthly contract rates for the same period, multiplied by the Customer's kilowatt-hour usage during the same period. The billing adjustment can be either a charge or a credit.

### **RATE CHANGES**

The rates set forth in this tariff are effective for usage on and after the Effective Date. Any changes will be filed with the Commission and are subject to Commission review and approval.

Effective Date: January 1, 2010

NARRAGANSETT ELECTRIC COMPANY  
TARIFF FOR STANDARD OFFER SERVICE

**AVAILABILITY**

Standard Offer Service shall be available to all Customers (including new Customers) who have not elected to take their electric supply from a non-regulated power producer or any Customer who, for any reason, has stopped receiving Generation Service from a non-regulated power producer.

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Large Commercial & Industrial (Rates G-02, B-32, G-32, B-62, G-62 and X-01). The rates applicable to this class shall be fixed monthly prices and represent the actual monthly contract prices for each month of the period specified in the Supplemental Schedule.

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**RATE CHANGES**

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Effective Date: January 1, 2010

**ATTACHMENT 2**



Narragansett Electric Company  
 d/b/a National Grid

Standard Offer Service Contract Prices (cents per kWh at retail)  
 Small Customer: January 2010 through September 2010  
 Large Customer: n/a

Power Supply

Contract Month	1	2	3	4	5	6	7	8	9
Calendar Month	January	February	March	April	May	June	July	August	September
Year	2010	2010	2010	2010	2010	2010	2010	2010	2010

Customer Group

Small	10.039	10.277	9.241	9.165	8.765	8.814	8.990	9.149	8.819
Large	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Footnotes

1) Monthly prices calculated as the sum of the average cost of supply (converted to retail delivery) as provided in a confidential submission under separate cover on July 1, 2009 plus estimated cost of providing 5% of Small Customer supply for the period Jan 2010 through Sep 2010 through spot market purchases.

**Narragansett Electric Company**  
**d/b/a National Grid**  
Small Customer Standard Offer Service Charge  
(Rates A-16, A-60, C-06, S-10 and S-14)  
Based on Weighted Average Effective Standard Offer Service Prices  
January 2010 through September 2010

**Section 1: Percentage of Small Customer kWhs Attributable to Standard Offer Service**

(1) Small Customer Standard Offer Service and Last Resort Service kWhs - Sep-09	347,263,465
(2) Total Small Customer kWhs - Sep-09	360,581,190
(3) Percentage of Small Customer Standard Offer Service kWhs to Total Small Customer kWhs	96.31%

**Section 2: Projected Small Customer Standard Offer Service kWhs**

	2010									
	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>Total</u>
	(a)	(b)	(c)	(d)	(e)	(f)	(f)	(f)	(f)	(g)
(4) Projected Total Company Small Customer kWhs	361,678,615	316,676,043	318,979,636	279,123,006	244,205,586	260,016,281	352,247,657	377,343,278	314,327,259	2,824,597,362
(5) Percentage of Small Customer Standard Offer Service kWhs to Total Small Customer kWhs	<u>96.31%</u>	<u>96.31%</u>	<u>96.31%</u>	<u>96.31%</u>	<u>96.31%</u>	<u>96.31%</u>	<u>96.31%</u>	<u>96.31%</u>	<u>96.31%</u>	<u>96.31%</u>
(6) Projected Small Customer Standard Offer Service kWhs	348,320,358	304,979,913	307,198,425	268,813,861	235,186,084	250,412,826	339,237,723	363,406,461	302,717,879	2,720,273,531

**Section 3: Weighted Average Small Customer Standard Offer Service Charge**

(7) Projected Small Customer Standard Offer Service kWhs	348,320,358	304,979,913	307,198,425	268,813,861	235,186,084	250,412,826	339,237,723	363,406,461	302,717,879	2,720,273,531
(8) Estimated Small Customer Standard Offer Service Price per kWh	\$0.10039	\$0.10277	\$0.09241	\$0.09165	\$0.08765	\$0.08814	\$0.08990	\$0.09149	\$0.08819	
(9) Proposed GIS Cost Factor	<u>\$0.00001</u>	<u>\$0.00001</u>	<u>\$0.00001</u>	<u>\$0.00001</u>	<u>\$0.00001</u>	<u>\$0.00001</u>	<u>\$0.00001</u>	<u>\$0.00001</u>	<u>\$0.00001</u>	<u>\$0.00001</u>
(10) Total Estimated Small Customer Standard Offer Service Price per kWh	<u>\$0.10040</u>	<u>\$0.10278</u>	<u>\$0.09242</u>	<u>\$0.09166</u>	<u>\$0.08766</u>	<u>\$0.08815</u>	<u>\$0.08991</u>	<u>\$0.09150</u>	<u>\$0.08820</u>	
(11) Projected Small Customer Standard Offer Service Cost	\$34,971,364	\$31,345,835	\$28,391,278	\$24,639,479	\$20,616,412	\$22,073,891	\$30,500,864	\$33,251,691	\$26,699,717	<u>\$252,490,531</u>
(12) Weighted Average Small Customer Standard Offer Service Charge										\$0.09281
(13) Currently Effective Small Customer Standard Offer Service Charge										\$0.09200
(14) Proposed Increase/(Decrease) to Small Customer Standard Offer Service Charge										\$0.00081

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- (1) Per Company revenue reports (Rates A-16, A-60, C-06, S-10 and S-14) - Sep-09  
(2) Per Company revenue reports (Rates G-02, G-32, G-62, B-32, B-62, X-01) - Sep-09  
(3) Line (1) ÷ Line (2)  
(4) Per Company forecast for Small Customer rates  
(5) Line (3)  
(6) Line (4) x Line (5)  
(7) Line (6)  
(8) Page 1  
(9) Page 3, Line (7)  
(10) Line (8) + Line (9)  
(11) Line (7) x Line (10)  
(12) Line (11) total ÷ Line (7) total, truncated after 5 decimal places  
(13) Per Company tariff  
(14) Line (12) - Line (13)

Narragansett Electric Company  
 d/b/a National Grid

ISO-NE Charges for GIS  
 July 2008 through June 2009

<u>Bill</u>				
<u>From</u>	<u>To</u>	<u>Total</u>		
		(a)		
01-Jul-08	31-Jul-08	\$6,436.81		
01-Aug-08	31-Aug-08	\$5,544.56		
01-Sep-08	30-Sep-08	\$4,911.44		
01-Oct-08	31-Oct-08	\$4,506.86		
01-Nov-08	30-Nov-08	\$4,739.02		
01-Dec-08	31-Dec-08	\$4,553.04		
01-Jan-09	31-Jan-09	\$4,784.50		
01-Feb-09	28-Feb-09	\$4,969.52		
01-Mar-09	31-Mar-09	\$4,269.54		
01-Apr-09	30-Apr-09	\$4,203.15		
01-May-09	31-May-09	\$3,736.91		
01-Jun-09	30-Jun-09	\$3,831.17		
(1)	July 2008 through June 2009	\$56,486.52		
(2)	Monthly Average	\$4,707		
			Res & Comm (b)	Industrial (c)
				Total (d)
(3)	Total Standard Offer & Last Resort kWhs - Sep-09		347,263,465	181,929,704
(4)	Percentage of Total Standard Offer Service kWh		65.62%	34.38%
(5)	January 2010 through September 2010		\$27,800	\$14,564
(6)	Estimated Standard Offer Service kWh Deliveries		2,720,273,531	1,424,842,869
(7)	Estimated Impact on Standard Offer Service Rates		\$0.00001	\$0.00001

- (1) Sum of monthly amounts in respective columns
- (2) Column (a), Line (1) ÷ 12
- (3) per Company revenue reports
- (4) Column (b) ÷ Column (d) and Column (c) ÷ Column (d)
- (5) Column (a), Line (1) x Column (b) & (c), Line (3) x 9 months
- (6) forecasted kWhs by class multiplied by estimated Standard Offer percentage
- (7) Line (5) ÷ Line (6)