

# Memorandum

**To: L. Massaro**

**Commission Clerk**

**From: S. Scialabba**

**Chief Accountant, Division of Public Utilities & Carriers**

**D. R. Stearns**

**Rate Analyst, Division of Public Utilities & Carriers**

**Date: 3/15/2012**

**Re: Narragansett February 2012 Electric Retail Rate Filing  
and 2012 Renewable Energy Service (RES) Charge**

**Docket 4314  
Docket 4227**

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On February 16, 2012 the Narragansett Electric Company d/b/a National Grid (“Narragansett”, or “Company”) submitted to the Commission an Electric Retail Rate Filing (“Filing”). The filing has been designated Docket 4314.

The proposed rates, based on reconciliations as of December 31, 2011 and certain forecast amounts, would be in effect for twelve months, from April 1, 2012 through March 31, 2013.

Also included in the filing, as Book 2 of 2, are two proposed new tariffs and proposed changes to existing tariffs.

Further, on February 21, 2012 Narragansett filed in Docket 4227 a proposed Renewable Energy Service (“RES”) Charge, also to be effective from April 1, 2012 through March 31, 2013.

After review of the filings and discussions with representatives of Narragansett and Division consultants from La Capra Associates, the Division recommends Commission approval of the proposed rates in both filings

Additionally, as discussed in the Company’s filing in Docket 4314, National Grid is proposing to modify the method of recovery of the net cost of Renewable Generation Credits paid to net metering facilities and the net cost of QF payments to those facilities. As described by Ms. Lloyd on page 28 of her testimony, these costs are currently recovered through a variety of the annual reconciliations (i.e. transition, transmission, standard offer). The proposal is to recover all costs associated with net metering and QF’s from all distribution customers, not just Standard Offer customers, and not through the various reconciliations. This will make the cost of these programs (net metering, QF’s) much more transparent and ascertainable to the Commission and to ratepayers. The Division supports this proposal as fair and consistent with the state’s policy of socializing the cost of renewable energy development to all customers. Current RI law (39-26.4-3(6)(c) requires that the net metering surcharge be “embedded in the distribution component of the rates on customer bills.” National Grid’s tariff is consistent with that statutory requirement. If these costs become significant in the future, it may warrant consideration to seek a legislative change so that this surcharge be shown as a separate line item on the customer bill so customers may be informed of the cost of the program to them.

The Division does not oppose the Company's proposal to include the reported Service Quality Penalty of \$387,000 in the Revenue Decoupling Mechanism filing in May of 2012.

Finally, on pages 34-36 of Ms. Lloyd's testimony is a discussion of a number of changes to existing tariffs that are proposed for the purpose of clarifying, simplifying, or making the tariffs consistent with new statutory provisions, such as the LIHEAP Enhancement Provision and the Revenue Decoupling Mechanism. The Division has reviewed these proposed tariffs and recommends their approval.

Attached is a memorandum prepared for the Division by Richard Hahn of La Capra Associates which further discusses the retail rate filing as well as the filing for the proposed RES charge for April of 2012.

Cc: Thomas Ahern,  
Administrator, Division of Public Utilities and Carriers

Attachment