

May 14, 2014

**VIA HAND DELIVERY & ELECTRONIC MAIL**

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

**RE: Docket 4490 - 2015 Standard Offer Service Procurement Plan  
2015 Renewable Energy Standard Procurement Plan  
Responses to PUC Data Requests – Set 1**

Dear Ms. Massaro:

Enclosed are ten (10) copies of National Grid's<sup>1</sup> responses to data requests issued by the Public Utilities Commission on April 24, 2014 in the above-referenced matter.

Thank you for your attention to this transmittal. If you have any questions, please feel free to contact me at (781) 907-2121.

Very truly yours,



Raquel J. Webster

Enclosure

cc: Docket 4490 Service List  
Leo Wold, Esq.  
Steve Scialabba, Division

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<sup>1</sup> The Narragansett Electric Company d/b/a National Grid (“National Grid” or “Company”)

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below. Paper copies of this filing were hand delivered to the RI Public Utilities Commission and the RI Division of Public Utilities and Carriers.

\_\_\_\_\_  
Joanne M. Scanlon

May 14, 2014  
Date

**Docket No. 4490 - National Grid – 2015 SOS and RES Procurement Plans  
Service List updated 4/8/14**

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<b>File an original &amp; 9 copies w/:</b> Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	<a href="mailto:Luly.massaro@puc.ri.gov">Luly.massaro@puc.ri.gov</a>	401-780-2017
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The Narragansett Electric Company  
d/b/a National Grid  
R.I.P.U.C. Docket No. 4490  
2015 Standard Offer Service Procurement Plan  
2015 Renewable Energy Standard Procurement Plan  
Responses to the Public Utilities Commission's First Set of Data Requests  
Issued April 24, 2014

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PUC 1-1

Request:

For 2013, provide the number of customers, by month and year, who left standard offer service for a competitive supplier. For 2014, provide the monthly and year-to-date number of customers who have left standard offer service for a competitive supplier.

Response:

Attachment PUC 1-1-1 contains the number of customers, by customer group, and by month and year, who left standard offer service to take service from a competitive supplier during the period January 2013 to April 2014.

The Narragansett Electric Company  
d/b/a National Grid  
R.I.P.U.C. Docket No. 4490  
2015 Standard Offer Service Procurement Plan  
2015 Renewable Energy Standard Procurement Plan  
Responses to the Public Utilities Commission's First Set of Data Requests  
Issued April 24, 2014  
Attachment PUC 1-1-1

Number of Competitive Supply Enrollments  
From January 1, 2013 through April 30, 2014

Sum of ENROLL_CNT YEAR	MONTH	Customer Group			Grand Total
		Residential Group	Commercial Group	Industrial Group	
<b>2013</b>	1	1,561	333	7	1,901
	2	812	1,883	1	2,696
	3	81	59	6	146
	4	435	173	7	615
	5	146	87	1	234
	6	13	35	6	54
	7	90	29	1	120
	8	333	110	13	456
	9	340	179	2	521
	10	336	116	3	455
	11	603	153	7	763
	12	1,277	292	6	1,575
<b>2013 Total</b>		<b>6,027</b>	<b>3,449</b>	<b>60</b>	<b>9,536</b>
<b>2014</b>	1	1,812	234	4	2,050
	2	5,118	259	6	5,383
	3	7,100	387	9	7,496
	4	2,835	360	10	3,205
<b>2014 Total</b>		<b>16,865</b>	<b>1,240</b>	<b>29</b>	<b>18,134</b>
<b>Grand Total</b>		<b>22,892</b>	<b>4,689</b>	<b>89</b>	<b>27,670</b>

PUC 1-2

Request:

Is the customer charged a fee when leaving standard offer for a competitive supplier? If yes, please provide the following:

- a. How much is the fee, and how is it calculated?
- b. How is the customer made aware of the fee? Please specify whether the Company provides a written or verbal explanation of the fee.
- c. If the Company provides a written explanation of the fee, please provide an exact copy of the explanation provided to the customer.
- d. How long has the Company's practice of providing a written explanation of the fee been in place?
- e. Assuming an explanation is provided to the customer, when is the explanation provided to the customer? Is it before or after the customer leaves standard offer service?
- f. Does the Company train its customer service representatives on how to explain the fee to customers? If yes, describe the nature and duration of the training and how frequently it is offered to customer service reps.
- g. On what date did the Company begin charging a fee for switching to a competitive supplier?
- h. Did the Company seek regulatory approval of the fee?

Response:

No, customers are not charged a fee when leaving Standard Offer Service ("SOS") to take service from a competitive supplier. Since there is no fee assessed to customers leaving SOS, the responses to parts a through h are not applicable.

It is important to note that SOS Residential and Commercial customers who are billed on the fixed price SOS rate are subject to a billing adjustment when switching from SOS to a competitive supplier. This billing adjustment, which can be either a charge or a credit, is in accordance with the currently effective Tariff for Standard Offer Service, R.I.P.U.C. No. 2145. Originally approved by the Commission in R.I.P.U.C. Docket No. 4041, this billing adjustment first became effective January 1, 2010.

The Company offers the following discussion relating to the billing adjustment, labeled on customer bills as Standard Offer Billing Adjustment, to provide background on the adjustment and its application.

PUC 1-2, page 2

The Standard Offer Billing Adjustment is described in the tariff as follows:

*Customers in the Residential Group and customers in the Commercial Group billed under the Fixed Price Option who leave Standard Offer Service to receive Generation Service from a Nonregulated 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.*

Both the fixed price option and the monthly contract rates are shown on R.I.P.U.C. No. 2096, Summary of Rates - Standard Offer Service. For reference, R.I.P.U.C. Nos. 2096 and 2145 are included in Attachment PUC 1-2-1.

The Company provides the following written explanation of the Standard Offer Billing Adjustment on its website:

In reference to Residential Rates SOS rates:

*To provide SOS, National Grid solicits bids from wholesale electricity suppliers and then enters into contracts to purchase electricity from one or more of these suppliers. We do not profit from any increase or decrease in the costs that our SOS suppliers charge us and we do not profit from the contracts we sign with them. The SOS charge is set every six months and is fixed for a six-month pricing period. Customers who leave SOS to receive supply from an alternative electricity supplier prior to the end of the six-month pricing period will be subject to a billing adjustment. The billing adjustment is calculated as the difference between the fixed SOS charge in effect during the current pricing period and the SOS suppliers' monthly prices in effect 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. Both the fixed SOS rates and the monthly prices are stated above.*

PUC 1-2, page 3

In reference to Commercial rates:

*To provide SOS, National Grid solicits bids from wholesale electricity suppliers and then enters into contracts to purchase electricity from one or more of these suppliers. We do not profit from any increase or decrease in the costs that our SOS suppliers charge us and we do not profit from the contracts we sign with them. The SOS charge is set every six months and is fixed for a six-month pricing period. Customers who leave SOS to receive supply from an alternative electricity supplier prior to the end of the six-month pricing period will be subject to a billing adjustment. The billing adjustment is calculated as the difference between the fixed SOS charge in effect during the current pricing period and the SOS suppliers' monthly prices in effect 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. Both the fixed SOS rates and the monthly prices are stated above.*

In addition, the Company's customer service representatives ("CSRs") are trained to discuss the Standard Offer Billing Adjustment with customers who call requesting information on the adjustment as a result of it appearing on their bill. The Company provides eight weeks of training for all new CSRs and an explanation of the Standard Offer Billing Adjustment is included in the billing module that is part of all new CSR training. The current "script" referenced by CSRs to respond to customer inquiries is provided as Attachment PUC 1-2-2. As a result of increased customer enrollment with competitive suppliers and a concern with the completeness of information on the Standard Offer Billing Adjustment being provided to customers calling the contact center, the Company clarified the "script" with regard to the Standard Offer Billing Adjustment and conducted one-on-one training "huddles" with CSRs to reinforce the messaging to customers. The Company continues to look at ways in which to better educate customers regarding the billing adjustment, including bill inserts or bill messages. However, customers generally enroll with a competitive supplier through the supplier's enrollment process and don't typically contact the Company prior to leaving SOS.

THE NARRAGANSETT ELECTRIC COMPANY  
 Summary of Rates  
 Standard Offer Service

Responses to the Public Utilities Commission's First Set of Data Requests  
 Issued April 24, 2014  
 Attachment PUC 1-2-1  
 Page 1 of 4

	Standard Offer Base Charge	Standard Offer Adjustment	Standard Offer Service Admin. Cost Factor	Total Commodity Charges	Renewable Energy Standard Charge
	A	B	C	D=A+B+C	E
<b>Residential Group A-16, A-60</b>					
January 1, 2014	\$0.08355	(\$0.00087)	\$0.00104	\$0.08372	\$0.00512
February 1, 2014	\$0.08355	(\$0.00087)	\$0.00104	\$0.08372	\$0.00512
March 1, 2014	\$0.08355	(\$0.00087)	\$0.00104	\$0.08372	\$0.00512
April 1, 2014	\$0.08355	\$0.00171	\$0.00155	\$0.08681	\$0.00480
May 1, 2014	\$0.08355	\$0.00171	\$0.00155	\$0.08681	\$0.00480
June 1, 2014	\$0.08355	\$0.00171	\$0.00155	\$0.08681	\$0.00480
<i>Effective Date of Last Rate Change:</i>	<i>01/01/14</i>	<i>04/01/14</i>	<i>04/01/14</i>		<i>04/01/14</i>
<b>Commercial Group C-06, G-02, S-06, S-10, S-14 (1)</b>					
<b>Variable Price Option:</b>					
January 1, 2014	\$0.11993	\$0.00094	\$0.00101	\$0.12188	\$0.00512
February 1, 2014	\$0.11867	\$0.00094	\$0.00101	\$0.12062	\$0.00512
March 1, 2014	\$0.07636	\$0.00094	\$0.00101	\$0.07831	\$0.00512
April 1, 2014	\$0.06145	\$0.00370	\$0.00162	\$0.06677	\$0.00480
May 1, 2014	\$0.05687	\$0.00370	\$0.00162	\$0.06219	\$0.00480
June 1, 2014	\$0.06191	\$0.00370	\$0.00162	\$0.06723	\$0.00480
<i>Effective Date of Last Rate Change:</i>	<i>01/01/14</i>	<i>04/01/14</i>	<i>04/01/14</i>		<i>04/01/14</i>
<b>Fixed Price Option:</b>					
January 1, 2014	\$0.08369	\$0.00094	\$0.00101	\$0.08564	\$0.00512
February 1, 2014	\$0.08369	\$0.00094	\$0.00101	\$0.08564	\$0.00512
March 1, 2014	\$0.08369	\$0.00094	\$0.00101	\$0.08564	\$0.00512
April 1, 2014	\$0.08369	\$0.00370	\$0.00162	\$0.08901	\$0.00480
May 1, 2014	\$0.08369	\$0.00370	\$0.00162	\$0.08901	\$0.00480
June 1, 2014	\$0.08369	\$0.00370	\$0.00162	\$0.08901	\$0.00480
<i>Effective Date of Last Rate Change:</i>	<i>01/01/14</i>	<i>04/01/14</i>	<i>04/01/14</i>		<i>04/01/14</i>
<b>Industrial Group B-32, G-32, B-62, G-62, X-01</b>					
April 1, 2014	\$0.08235	(\$0.00360)	\$0.00139	\$0.08014	\$0.00480
May 1, 2014	\$0.06616	(\$0.00360)	\$0.00139	\$0.06395	\$0.00480
June 1, 2014	\$0.08311	(\$0.00360)	\$0.00139	\$0.08090	\$0.00480
<i>Effective Date of Last Rate Change:</i>	<i>04/01/14</i>	<i>04/01/14</i>	<i>04/01/14</i>		<i>04/01/14</i>

Market Price Adjustment / Billing Adjustment When Leaving Standard Offer Service - applicable only to Residential Group and Commercial Group with Fixed Price Option					
<b>Residential Group</b>					
January 1, 2014	\$0.10753	(\$0.00087)	\$0.00104	\$0.10770	
February 1, 2014	\$0.10547	(\$0.00087)	\$0.00104	\$0.10564	
March 1, 2014	\$0.07668	(\$0.00087)	\$0.00104	\$0.07685	
April 1, 2014	\$0.06775	\$0.00171	\$0.00155	\$0.07101	
May 1, 2014	\$0.06431	\$0.00171	\$0.00155	\$0.06757	
June 1, 2014	\$0.06799	\$0.00171	\$0.00155	\$0.07125	
<b>Commercial Group</b>					
January 1, 2014	\$0.11993	\$0.00094	\$0.00101	\$0.12188	
February 1, 2014	\$0.11867	\$0.00094	\$0.00101	\$0.12062	
March 1, 2014	\$0.07636	\$0.00094	\$0.00101	\$0.07831	
April 1, 2014	\$0.06145	\$0.00370	\$0.00162	\$0.06677	
May 1, 2014	\$0.05687	\$0.00370	\$0.00162	\$0.06219	
June 1, 2014	\$0.06191	\$0.00370	\$0.00162	\$0.06723	

Taxes and other rate clauses apply as usual and will appear on customer bills as applicable.

Column Descriptions:

- A. Base charges in compliance with the Standard Offer Service/Renewable Energy Standard 2014 Procurement Plans
- B. per R.I.P.U.C. No. 2113, Standard Offer Service Adjustment Provision
- C. per R.I.P.U.C. No. 2113, Standard Offer Service Adjustment Provision
- D. Column (A) + Column (B) + Column (C)
- E. The Renewable Standard Energy Charge is collected from SOS customers for the purpose of acquiring a portion of Rhode Island's energy supply from renewable energy resources, as required by R.I. General Laws section 39-26-1.

(1) The Fixed Price Option will be the customary option for customers served under rate C-06. The Variable Price Option will be the customary option for customers served under rates G-02, S-06, S-10 and S-14.



**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. The charge for Standard Offer Service will include the administrative costs associated with the procurement of Standard Offer Service, including an adjustment for uncollectible accounts as approved by the Commission.

**RATE FOR ALL CLASSES**

The Summary of Standard Offer Service Charges, R.I.P.U.C. Tariff No. 2096 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 Summary of Standard Offer Service Charges, R.I.P.U.C. Tariff No. 2096. The Company will file a new Summary of Standard Offer Service Charges, R.I.P.U.C. Tariff No. 2096 for the next pricing period prior to the expiration of the current period.

The rates for each rate class shall be as follows:

Residential Group (Rates A-16, A-60). The rate 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 Summary of Standard Offer Service Charges, R.I.P.U.C. Tariff No. 2096, plus an estimate of the costs of any supply not procured through full requirements services contracts including, but not limited to, spot market purchases from the Independent System Operator – New England.

Commercial Group (Rates C-06, G-02, S-06, S-10, S-14). There are two rate options available to customers in the Commercial Group. The Summary of Standard Offer Service Charges, R.I.P.U.C. Tariff No. 2096 to this tariff sets forth the rate options for each rate class for the specified six month period. One option is referred to as the "Fixed Price Option". The second option is referred to as the "Variable Price Option". The rates for each option are subject to change at the end of the six month period specified in the

## NARRAGANSETT ELECTRIC COMPANY TARIFF FOR STANDARD OFFER SERVICE

### Summary of Standard Offer Service Charges, R.I.P.U.C. Tariff No. 2096.

**Fixed Price Option:** represents a weighted average of the applicable winning bid over six months plus an estimate of the costs of any supply not procured through full requirements services contracts including, but not limited to, spot market purchases from the Independent System Operator – New England.

**Variable Price Option:** represents the actual monthly price from the applicable winning bid for each month of the same six month period plus an estimate of the costs of any supply not procured through full requirements services contracts including, but not limited to, spot market purchases from the Independent System Operator – New England.

All customers in the Commercial will have the option to switch to a different pricing option once during a twelve month period. After the initial assignment to a pricing option, each customer may choose a different pricing option, however, once the election has been made, the customer must remain on the chosen pricing option for a period of at least twelve (12) months.

Customers may notify the Company at any time to elect a different pricing option, provided that such notification is received at least two business days prior to the Customer's scheduled meter read date that occurs prior to either a January 1 or July 1 Standard Offer rate change. After receiving the notice, the switch will be made by the Company on the scheduled meter read date immediately preceding the next scheduled Standard Offer Service rate change (either January 1 or July 1).

Industrial Group (Rates 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 Summary of Standard Offer Service Charges, R.I.P.U.C. Tariff No. 2096.

### **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 Non-regulated Power Producers.

There shall be no fee for terminating Standard Offer Service.

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

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

Customers in the Residential Group and customers in the Commercial Group billed under the Fixed Price Option who leave Standard Offer Service to receive Generation Service from a Nonregulated 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: April 1, 2014

# Customers Leaving Standard Offer Service Switching Fee & Standard Offer Billing Adjustment

**National Grid does not charge any customer a switching fee or any other fee to leave Standard Offer Service and purchase his/her electricity from a competitive supplier; however, the Company will apply the Standard Offer Billing Adjustment.**

Question: What is the Standard Offer Billing Adjustment?

Answer: The Standard Offer Billing Adjustment is an adjustment that National Grid applies to a customer's bill to reflect the difference between the Fixed Standard Offer Service rate and the Variable Standard Offer Service rates for the amount of kWh that a customer used during time the customer was receiving Standard Offer Service during a 6-month Fixed rate period. The Company will apply the Standard Offer Billing Adjustment to a customer's bill only when a customer who is billed for Standard Offer Service at the Fixed rate begins to purchase electricity from a competitive supplier within the 6-month Fixed rate period.

National Grid purchases electricity under various contracts, but sets Standard Offer Service rates for 6 months at a time. The Company is charged for the electricity it buys at the monthly Variable rates (which represent the actual cost per kWh to the Company) while Residential customers are billed on the Fixed rate. If a customer elects to purchase electricity from a competitive supplier, the customer will no longer receive electricity from National Grid. If the customer begins receiving electricity from a competitive supplier before the end of a 6-month rate period, the Company is allowed to adjust the customer's bill by the difference between the amount the customer was billed at the Fixed rate and the customer's usage over the same period at the Variable rates. The customer's usage at the Variable rates represents the amount the Company is charged under its power contracts. This difference is the Standard Offer Billing Adjustment. The Standard Offer Billing Adjustment is a one-time charge or credit, which the Company applies to the customer's bill. The Standard Offer Billing Adjustment is displayed in the Delivery Services section of the customer's bill from National Grid.

Additional Information: Residential Customers are billed on the Fixed rate. Small and medium businesses can choose to be billed on the Fixed rate or the Variable rate.

The Fixed rate is the weighted average of the monthly rates for the 6-month rate period. If a small and medium business customer chooses to be billed on the Variable rate, the Company does not apply a Standard Offer Billing Adjustment because the customer's Standard Offer Service charges were already based on the cost per kWh at which the Company purchases the electricity.

If a customer is calling to see what the Standard Offer Billing Adjustment would be if they chose to switch to a competitive supplier, the customer can estimate what it would be. The customer would need to look at their kWh history for the current 6-month period and multiply the kWh for **each** month by the monthly Variable rate for that month to estimate what they would have been billed on the Variable rate. They can multiply the total kWh for the same

# Customers Leaving Standard Offer Service Switching Fee & Standard Offer Billing Adjustment

time period by the Fixed rate, which would estimate what they were billed on the Fixed rate. The difference between the two is roughly the Standard Offer Billing Adjustment.

Example: Mary Smith uses 500 kWh per month. Mary leaves Standard Offer Service after 4 months to get her electricity from a competitive supplier.

The Standard Offer Service rates during this period are:

Fixed rate: \$0.10250 per kWh

Variable rates:

Month 1	\$0.11500 per kWh
Month 2	\$0.11000 per kWh
Month 3	\$0.10500 per kWh
Month 4	\$0.10000 per kWh
Month 5	\$0.09500 per kWh
Month 6	\$0.09000 per kWh

Mary was billed on the fixed rate for the first 4 months, her total Standard Offer Service charges would be around \$205, calculated as 500 kWh X 4 (months)=2,000 kWh; 2,000 kWh X \$0.10250=TOTAL \$205.

Mary would then need to multiply the 500 kWh each month by the Variable rate for each of those months to determine what she would have been billed had she been on the Variable rate.

Month 1	500 kWh	x	\$0.11500	=	\$57.50
Month 2	500 kWh	x	\$0.11000	=	\$55.00
Month 3	500 kWh	x	\$0.10500	=	\$52.50
Month 4	500 kWh	x	\$0.10000	=	\$50.00
Total					\$215.00

The difference, \$215.00 minus \$205.00, or \$10.00, is the Standard Offer Billing Adjustment.

**Narragansett Electric Company**

**Illustrative Example of How a Customer Can Estimate His/Her Standard Offer Billing Adjustment When Leaving Standard Offer Service**

Mary used 500 kWh each month and is thinking about buying her electricity from a competitive supplier and would enroll at the end of the fourth month of the six month Standard Offer Service rate period.

First, Mary can estimate what she was billed for Standard Offer Service under the Fixed rate, which is \$179.07.

Residential Fixed Rate                      \$0.08884 for the period January 2014 through March 2014  
(see note below)                              \$0.09161 for the period April 2014 through June 2014

	<u>Monthly Usage</u>	<u>Fixed Rate</u>	<u>Total</u>
January 2014	500	\$0.08884	\$44.42
February 2014	500	\$0.08884	\$44.42
March 2014	500	\$0.08884	\$44.42
April 2014	500	\$0.09161	<u>\$45.81</u>
			\$179.07

Next, Mary can estimate what she would have been billed for Standard Offer Service under the Variable rates, which represent National Grid's monthly cost to buy electricity for Mary, which is \$190.69.

	<u>Monthly Usage</u>		<u>Variable Rate</u>	<u>Total</u>	
<u>Residential Variable Rates</u>					
January 2014	\$0.11282	January 2014	500	\$0.11282	\$56.41
February 2014	\$0.11076	February 2014	500	\$0.11076	\$55.38
March 2014	\$0.08197	March 2014	500	\$0.08197	\$40.99
April 2014	\$0.07581	April 2014	500	\$0.07581	<u>\$37.91</u>
May 2014	\$0.07237				\$190.69
June 2014	\$0.07605				

The difference between the \$179.07 estimate of Standard Offer Service charges under the Fixed rate and the \$190.69 estimate of what Mary would have been billed under the Variable rates is \$11.69, which is a ballpark estimate of the Standard Offer Billing Price Adjustment that would be charged to Mary on her bill that shows the charge for her last month on Standard Offer Service.

The actual calculation performed by National Grid's billing system, CSS, is more detailed and will determine the precise amount of the Standard Offer Billing Adjustment.

Note: Although the Standard Offer Service Fixed rate changed on April 1, 2014, the part that relates to how we buy electricity did not change. Therefore, there is no impact to the 6-month rate period or the Standard Offer Billing Adjustment.

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PUC 1-3

Request:

Is any portion of lost revenue from customers leaving standard offer recovered through the RDM? If yes, what amount is recovered through the RDM on an annual and monthly basis?

Response:

No. In accordance with the Revenue Decoupling Mechanism ("RDM") Provision, R.I.P.U.C. No. 2073, the RDM provides for a reconciliation of billed *distribution* revenue to an annual target revenue established as part of a general rate case proceeding. When a customer leaves Standard Offer Service ("SOS"), there is no impact to distribution revenue since the Company continues to provide distribution service to that customer.

Any difference between the cost incurred by the Company to provide SOS to customers and the revenue billed to SOS customers is recovered or refunded, on an annual basis, through the SOS reconciliation pursuant to the Standard Offer Service Provision, R.I.P.U.C. No. 2113.

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PUC 1-4

Request:

Once a customer leaves standard offer service, do they have the option of returning? If yes, is there a limit to the number of times they are allowed to switch?

Response:

Yes, all customers have the option of returning to Standard Offer Service ("SOS"). There is no limit to the number of times they are allowed to switch between SOS and competitive supply.



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PUC 1-5

Request:

What percentage of the customers referenced in response to No.1 were charged a fee for switching to a competitive supplier?

Response:

As indicated in the Company's response to PUC 1-2, customers are not charged a fee for leaving Standard Offer Service ("SOS").

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PUC 1-6

Request:

What percentage of the customers referenced in response to No.1 returned to standard offer service?

Response:

As shown in Attachment PUC 1-6-1, approximately eleven percent of the customers who left Standard Offer Service ("SOS") to take service from a competitive supplier returned to SOS during the period January 2013 through April 2014.

Number of Customers Returning to Standard Offer Service ("SOS")  
From January 1, 2013 through April 30, 2014

Sum of RTS_CNT YEAR	MONTH	Customer Group			Grand Total
		Residential Group	Commercial Group	Industrial Group	
<b>2013</b>	1	143	277	3	423
	2	73	1,869	1	1,943
	3	9	27	4	40
	4	41	9	0	50
	5	13	25	1	39
	6	1	3	1	5
	7	13	1	0	14
	8	37	8	1	46
	9	28	16	1	45
	10	24	11	0	35
	11	43	18	0	61
	12	77	11	1	89
<b>2013 Total</b>		<b>502</b>	<b>2,275</b>	<b>13</b>	<b>2,790</b>
<b>2014</b>	1	50	12	0	62
	2	95	7	0	102
	3	178	3	0	181
	4	35	10	0	45
<b>2014 Total</b>		<b>358</b>	<b>32</b>	<b>0</b>	<b>390</b>
<b>Grand Total</b>		<b>860</b>	<b>2,307</b>	<b>13</b>	<b>3,180</b>

Competitive Supply Enrollments (see Attachment PUC 1-1-1)	22,892	4,689	89	27,670
Percentage of Customers Returning to SOS	4%	49%	15%	11%

PUC 1-7

Request:

Referring to pages 19-23, has National Grid adopted the contingency plans for inadequate bidding and significant market events been in other jurisdictions? If yes, have the contingency plans been successful in mitigating rate impact?

Response:

Until recently National Grid has not adopted a formal contingency plan for inadequate bidding and significant market events in other jurisdictions. On March 4, 2014 National Grid filed a letter outlining its proposed contingency plan to the Massachusetts Department of Public Utilities.

While it did not have a formal contingency plan, National Grid has altered past procurements in Massachusetts due to market conditions. For example, in 2006 there were uplift ancillaries services costs in the Southeast Massachusetts ISO-NE zone. Wholesale power suppliers quantify their risk to provide Full Requirements Service ("FRS") to our Basic Service customers and embed it in their FRS bids. If the suppliers cannot quantify a specific risk, then the risk may be significantly overstated in the FRS bids, with the uncertainty disproportionately impacting FRS bid prices. Alternatively, wholesale suppliers may withdraw from our FRS solicitations until the market conditions stabilize. Because these uplift costs in 2006 were unique and unpredictable, National Grid carved-out these specific costs from its FRS transactions.

There were other instances of carve-outs in Massachusetts Basic Service procurements. Carve-outs maintain bidder participation while minimizing excessive risk premium embedded in FRS bids. Carve-outs essentially transfer the cost uncertainty of this risk to the customers. However, FRS suppliers continue to be responsible for all other risks and costs.

Similar to its experience in Rhode Island this past summer, National Grid amended a scheduled procurement in Massachusetts because of the uncertainty surrounding the ISO-NE Winter Reliability Program. National Grid postponed its Basic Service final bids by one week because it believed FERC might rule on the cost allocation of the Winter Reliability Program.

National Grid believes its actions in Massachusetts may have mitigated excessive risk premiums that may have been included in FRS bids. The Company does not know what the suppliers' risk premiums would have been for these events; therefore National Grid cannot compare the estimated risk premiums to actual costs. However, National Grid's actions to remove uncertainty most likely maintained bidder participation. Robust bidder participation ensures a

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competitive solicitation and competitive pricing. Therefore, while customers assumed this carve-out risk, the customers benefit from a competitive solicitation process that could result in lower commodity prices.

PUC 1-8

Request:

Page 11, line 9 refers to “new 50% bid blocks.” There are no 50% bid blocks shown in Schedule 2. Which customer groups will have 50% bid blocks?

Response:

As noted in the Direct Testimony of Margaret M. Janzen, “the term “contract” used in this context may in fact be several “bid blocks” that add up to a total of 100% of the load.”<sup>1</sup>

Below is revised Schedule 2A to illustrate the multiple bid blocks for 100% of the Industrial Group's load.

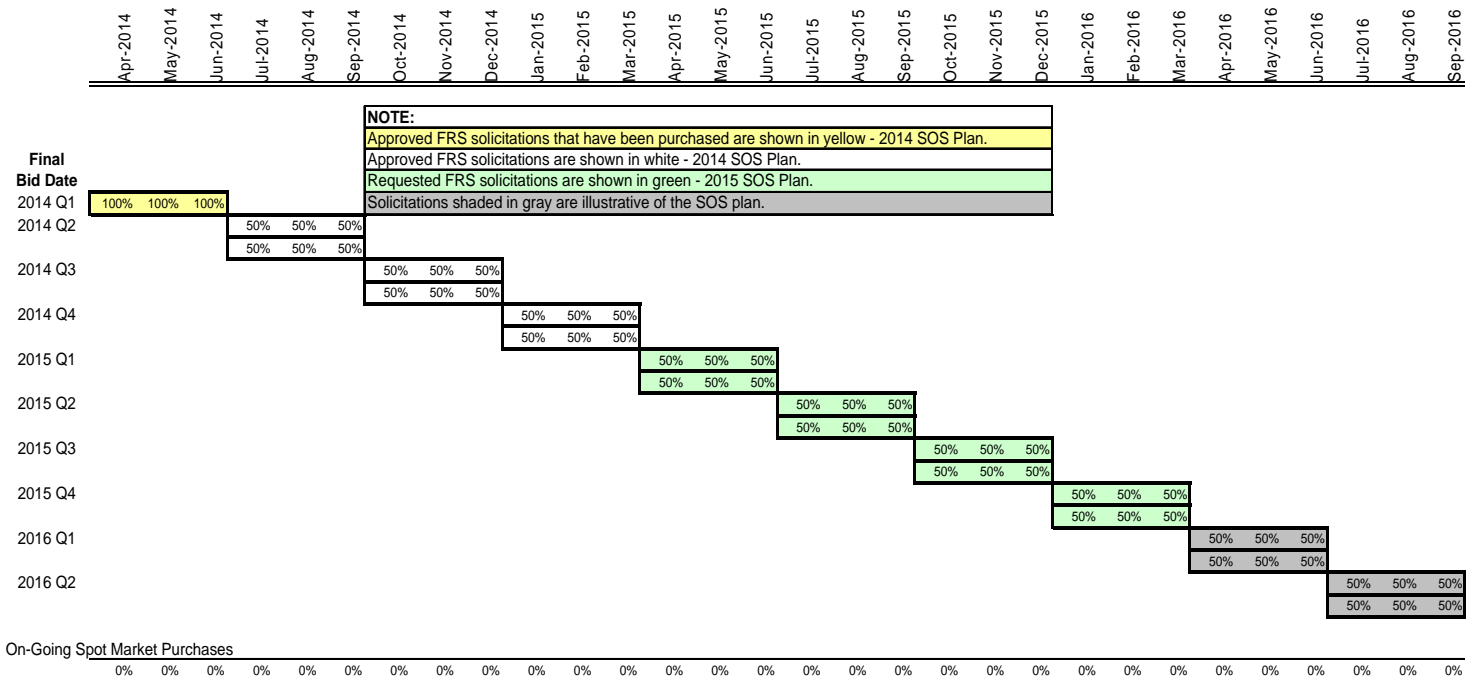
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<sup>1</sup> Page 10, line 16 and 17.

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**Schedule 2A  
2015 SOS Plan  
Industrial Customers**

**Industrial Solicitations**



PUC 1-9

Request:

Please review the pricing provisions for each customer group.

Response:

Below is a review of the base Standard Offer Service (“SOS”) pricing provisions for each customer group.

**Residential Group**

The Residential Group consists of customers receiving retail delivery service on Rate A-16, Regular Residential, and Rate A-60, Residential Low Income. The SOS rates applicable to the Residential Group change semi-annually every January 1 and July 1. The SOS base rate is a fixed uniform per kWh rate for the six month period and represents an average of the applicable monthly contract prices in the underlying supply contracts plus an estimate of the costs of any supply procured through spot market purchases from the Independent System Operator – New England (“ISO-NE”).<sup>1</sup> Customers leaving SOS to purchase their electric supply from a competitive supplier prior to the end of a six-month pricing period are subject to a billing adjustment (“SOS Billing Adjustment”). The SOS Billing Adjustment is calculated for the months during the six-month period that the customer received SOS. It is based on the difference between the SOS rate in effect for the current pricing period and the average monthly contract prices for the months the customer received SOS during the six-month period, multiplied by the Customer’s kilowatt-hour usage during the months the customer received SOS during the six-month period. The difference may result in either a credit or a charge. The purpose of the billing adjustment is to ensure that all SOS customers are charged for the actual cost of the energy consumed.

**Commercial Group**

Customers receiving retail delivery service on Rates C-06 (Small C&I), G-02 (General C&I), and outdoor lighting Rates S-06, S-10, and S-14 make up the Commercial Group. The SOS rates applicable to the Commercial Group change semi-annually every January 1 and July 1. Customers may choose either the Fixed Price Option or the Variable Price Option, as discussed further below. The method of calculating the Commercial Group’s fixed price is the same as that

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<sup>1</sup> Pursuant to the currently effective SOS Procurement Plan, 10% of the Residential and Commercial supply is procured through spot market purchases.



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described above for the Residential Group, but is based on the underlying supply contracts executed to serve the Commercial Group. Commercial customers on the Fixed Price Option leaving SOS to purchase their electric supply from a competitive supplier prior to the end of a six-month pricing period are also subject to the SOS Billing Adjustment. Under the Variable Price Option, monthly rates are established and represent the average monthly contract price in the underlying supply contracts plus an estimate of the costs of any supply procured through spot market purchases from ISO-NE for each month of the six-month pricing period.

Customers receiving retail delivery service on Rate C-06 are automatically placed on the Fixed Price Option when requesting SOS. Customers receiving retail delivery service on Rates G-02, S-06, S-10, and S-14 are automatically placed on the Variable Fixed Price Option when requesting SOS. All Commercial customers have the option to switch to a different pricing option once during a 12 month period. After the initial assignment to a pricing option, each customer may choose a different pricing option, however, once the election has been made, the customer must remain on the chosen pricing option for a period of at least 12 months.

**Industrial Group**

The Industrial Group consists of customers receiving retail delivery service on Rates G-32 (Large Demand), G-62 (Optional Large Demand), B-32 (Large Demand Backup Service), B-62 (Optional Large Demand Backup Service), and X-01 (Electric Propulsion). The SOS rates applicable to the Industrial Group are monthly rates established quarterly on a calendar year basis. The monthly rates represent the average monthly contract price(s) in the underlying supply contract(s) for each month of the applicable three-month pricing period.

**Other Pricing Provisions**

The Summary of Standard Offer Service Charges, R.I.P.U.C. Tariff No. 2096, includes the rates for each rate class for the specified pricing period, as well as the monthly rates used to calculate the SOS Billing Adjustment. The monthly charge for SOS also includes the administrative costs associated with the procurement of SOS, including an adjustment for uncollectible accounts as approved by the PUC, and the SOS Adjustment factor, which is established annually, and is designed to recover or refund any under or over collection of SOS costs during the prior year. All SOS customers are also assessed a Renewable Energy Standard Charge that recovers the costs incurred by the Company to comply with the Renewable Energy Standards pursuant to R.I.G.L. Section 39-26-1.

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Upon the Company filing proposed SOS rates, including rates used to calculate billing adjustments applicable to the Residential Group, the Company posts the proposed rates at least 30 days prior to their proposed effective date.

PUC 1-10

Request:

What did the Company pay in alternative compliance payments in 2013?

Response:

The Company did not make an alternative compliance payment ("ACP") for the 2012 Renewable Energy Standards ("RES") Compliance Year in 2013.

The NEPOOL-GIS 4<sup>th</sup> Quarter Trading Period for the 2013 RES Compliance Year ends June 15, 2014. At that point, when all RECs will have been delivered for this last trading period, the Company will definitively know if it will make an ACP.

However, the Company does not anticipate that it will need to make an ACP for the 2013 Compliance Year. Renewable energy certificates ("RECs") from the Long Term Renewable Contracts executed under the Long Term Contracting Standard for Renewable Energy and Distributed Generation Standards Contracts Act shall meet a portion of the Company's RES obligation. The remaining obligation is expected to be met by the Company's existing transactions with REC suppliers.

PUC 1-11

Request:

What is the projected amount of ACPs in 2014, 2015 and 2016?

Response:

As described in Docket No. 4404<sup>1</sup> and the proposed 2015 Renewable Energy Standard (“RES”) Procurement Plan in this proceeding, the Company expects renewable energy certificates (“RECs”) from the executed Long Term Renewable Contracts<sup>2</sup> to meet most of its RES obligation through 2016. The remaining obligation will be procured through standalone RES solicitations.

The Company anticipates that it will be able to procure New RECs sufficient to meet the remaining RES obligation for these years, however it cannot definitely state if it will make an alternative compliance payments for each of the compliance years until all RECs are delivered in the applicable NEPOOL-GIS 4<sup>th</sup> Quarter Trading Period.

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<sup>1</sup> Commission Review into the Adequacy of Renewable Energy Supplies Pursuant to R.I. General Laws §39-26-6.

<sup>2</sup> Executed under the *Long Term Contracting Standard for Renewable Energy and Distributed Generation Standards Contracts Act*.