

KEEGAN, WERLIN & PABIAN, LLP

ATTORNEYS AT LAW
265 FRANKLIN STREET
BOSTON, MASSACHUSETTS 02110-3113

—————
(617) 951-1400

TELECOPIERS:
(617) 951- 1354
(617) 951- 0586

February 10, 2004

VIA HAND DELIVERY

Luly Massaro, Commission Clerk
Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

RE: Docket No. 3436, Interim Gas Cost Recovery Factors

Dear Luly:

On January 20, 2004, New England Gas Company (the "Company") filed for approval of interim gas cost recovery ("GCR") factors designed to recover gas costs incurred by the Company on behalf of customers. In accordance with Rule 1.11(c) of the Commission's Rules, the Company hereby requests that it be allowed to withdraw this filing from consideration of the Commission for the foregoing reasons.

The currently effective GCR factors were approved by the Commission on October 30, 2003, for the 12-month period ending October 31, 2004. Following the Commission's approval of these factors, there were substantial increases in the posted NYMEX price for commodity gas supplies as compared to the NYMEX price underlying the GCR factors put in place as of November 1, 2003¹. Because the currently effective rates are not designed to recover the higher NYMEX commodity prices, the Company filed for approval of new GCR rates to ensure that the amount of deferred gas costs did not rise to a level that would place a burden on customers when collected at a later date. As of January 31, 2004, the Company projects that at the end of October 2004 its underrecovery of gas costs will be approximately \$13.7 million, or 6.2 percent of total gas costs.

However, although the current GCR factors will not allow the Company to recover 100% of the projected gas costs, the Company is proposing to withdraw its petition to provide a level of price stability to customers in this unusually cold winter.

¹ On a billing cycle basis.

Letter to L. Massaro
Docket 3436
February 10, 2004

There is a possibility that NYMEX prices will moderate over the next several weeks as the winter period comes to a close and the Company anticipates that, in those circumstances, the current GCR factors may begin to recover the appropriate level of gas costs. In the hopes that this will occur, the Company believes that it is in the best interest of customers to maintain rates at the current level. Therefore, the Company respectfully requests permission to withdraw its interim GCR filing.

The Company appreciates the Commission's time and effort on behalf of the Company's petition to date. Thank you for your attention to this filing.

Sincerely,



Cheryl M. Kimball
(R.I. Bar # 6458)

Enclosure

cc: Service List