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November 17, 2006

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PUBLIC UTILITIES COMMISSION

VIA HAND DELIVERY

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

Re: Rhode Island Resource Recovery Corporation - DKT. 3565

Dear Luly:

Enclosed please find an original and nine copies of a Joint Statement of National Grid and Rhode Island Resource Recovery Corporation in Support of Settlement Agreement in the above-referenced matter.

Sincerely,

Peter V. Lacouture

PVL/lgo
Enclosure

cc: Steven Frias, Esq.
Richard R. Beretta, Jr., Esq.
Paul J. Roberti, Esq.
W. Mark Russo, Esq.
Leo J. Wold, Esq.

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: RHODE ISLAND RESOURCE :
RECOVERY CORPORATION PETITION : DOCKET NO. 3565
FOR DECLARATORY JUDGMENT :

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JOINT STATEMENT OF NATIONAL GRID AND
RHODE ISLAND RESOURCE RECOVERY CORPORATION
IN SUPPORT OF SETTLEMENT AGREEMENT

A. Introduction

This Joint Statement is filed on behalf of The Narragansett Electric Company d/b/a National Grid (“National Grid”) and the Rhode Island Resource Recovery Corporation (“RIRRC”) (collectively the “Parties”) in support of the August 8, 2006 Settlement Agreement between National Grid and RIRRC (“Settlement”) filed with the Rhode Island Public Utilities Commission (“Commission”) in this proceeding.

It is in the public interest for the Commission to approve the Settlement between National Grid and RIRRC which will resolve this dispute. The Parties have not reached agreement on the action brought by RIRRC but have reached an accommodation which, subject to the terms of the Settlement, resolves the public-policy debate without setting a legal precedent for future cases. In approving the Settlement, the Commission does not have to interpret the statute as requested by RIRRC in its petition; it only has to approve the Settlement and dismiss the case.

B. The Petition and Settlement

RIRRC’s petition for declaratory judgment (“Petition”) was based on language in paragraph 10(c) of the June 23, 1998 contract (“Contract”) between RIRRC and Rhode Island

Hope Energy, L.P., predecessor in interest to FPLE Rhode Island State Energy, L.P. (“FPL.”), owner of a 500 MW generation facility in Johnston. In the Petition, RIRRC had sought a declaration that a potential direct electrical connection by the future tenants¹ of the RIRRC Industrial Park in Johnston to the adjacent FPL generating plant to provide power to the tenants when the generating plant was operating, would not make RIRRC or the tenants a “public utility”, “electric distribution company”, “distribution facility” and/or “non-regulated power producer” as those terms are defined in R.I.G.L. §39-1-2.

National Grid objected to the Petition primarily based on its concerns about the franchise implications of the requested relief.² At the same time, National Grid sought to accommodate the possibility that RIRRC, a quasi-governmental agency, could use the potential direct connection which it had previously negotiated with Hope Energy, L.P. to market sites in the industrial park and attract new business and jobs to Rhode Island.

As a result, the parties negotiated the Settlement which provides that service through the direct connection would be treated as on-site generation under the National Grid tariffs. Consequently, tenants of the industrial park would be responsible for obtaining backup and supplemental electric service from National Grid as customers under the relevant rate schedules (B-32 or B-62.) The only exception to this would be a tenant who “islanded” – that is provided on-site generation for its facilities when the FPL plant was not running or the direct connection was, for any other reason, not in service. Under the Settlement, the industrial park tenants will

¹ The term “tenant” is used to refer to parties that will occupy property within the industrial park, whether they are true tenants (lessees) or actually purchase and own property in the industrial park.

² Under R.I.G.L. §39-3-1, National Grid has an exclusive franchise to deliver electricity in its service territory.

be in the same position as any other National Grid electric customer that constructs on-site generation.³

This resolution of the RIRRC Petition avoids a contentious fight over the interpretation of definitions in R.I.G.L. §39-1-2, avoids the need for the Commission to interpret the statute or make any legal findings, serves the public interest by resolving this dispute and accommodates the efforts of RIRRC to attract new business, jobs and taxes to the industrial park and to the State.⁴

C. Conclusion

The Parties believe that the Settlement Agreement represents a reasonable accommodation of the public interest and respectfully request that the Settlement Agreement be approved.

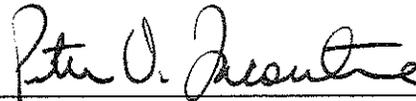
³ It should be noted that tenants will be exclusively commercial and industrial entities. This will eliminate the possibility of the Commission or the Division being required to deal with questions or complaints from residential customers.

⁴ The Settlement Agreement defines “eligible industrial park customers” as entities that represent new load to the Narragansett Electric system. (Settlement Agreement, Paragraph 13.) Thus, any facilities that are located in the industrial park will represent new jobs and taxes in Rhode Island and not merely a transfer of existing jobs from elsewhere in the state.

Respectfully submitted,

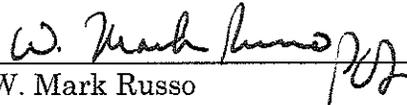
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November 17, 2006

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the within Joint Statement of National Grid and Rhode Island Resource Recovery Corporation in Support of Settlement Agreement was mailed, postage prepaid, and e-mailed to the following this the 17th day of November, 2006:

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