Narragansett Electric
A National Grid Company

Laura S. Olton
General Counsel

January 24, 2005

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: Docket No. 3628 – The Narragansett Electric Company Service Quality Plan
Responses to Commission's Data Requests – Set 1

Dear Ms. Massaro:

Enclosed please find 10 copies of The Narragansett Electric Company's (the "Company") responses to the Commission's first set of data requests issued on January 12, 2005 in the above-captioned proceeding. As directed by Commission Counsel, the Company is responding to all of the data requests issued, with the exception of Commission Data Request 1-9.

Thank you for your attention to our filing. Should you have any questions, please feel free to contact me at (401) 784-7667.

Very truly yours,

Laura S. Olton

Laura S. Olton

Enclosures

cc: Docket 3628 Service List

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Providence, RI 02907
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Commission Data Request 1-1

Request:

Please indicate which communities are located in the Coastal district and which communities are located in the Capital district.

Response:

The following communities comprise the Coastal district:

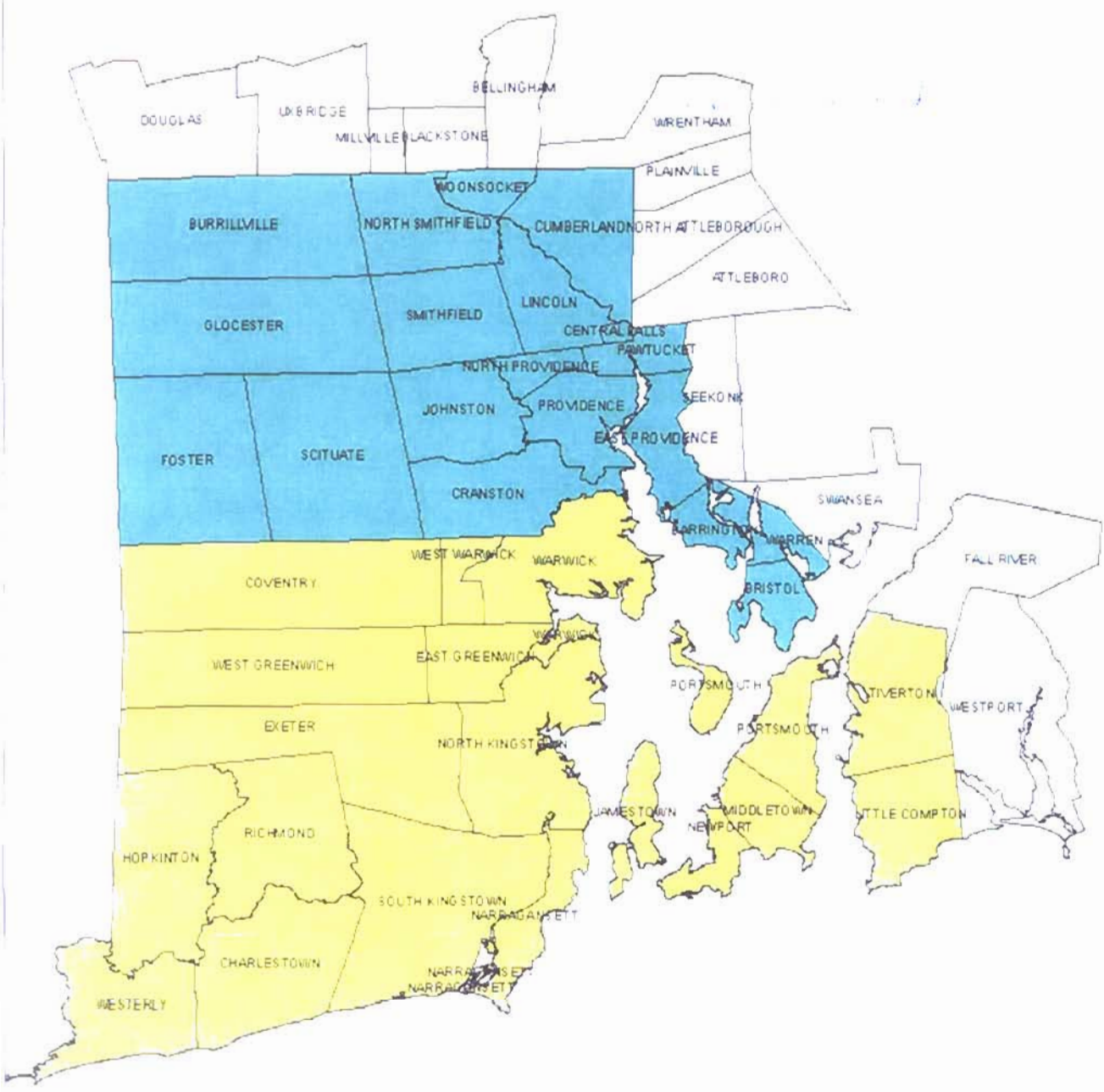
Charlestown	North Kingstown
Coventry	Portsmouth
East Greenwich	Richmond
Exeter	South Kingstown
Hopkinton	Tiverton
Jamestown	Warwick
Little Compton	Westerly
Middletown	West Greenwich
Narragansett	West Warwick
Newport	

The following communities comprise the Capital district:

Barrington	Lincoln
Bristol	North Providence
Burrilville	North Smithfield
Central Falls	Pawtucket
Cranston	Providence
Cumberland	Scituate
East Providence	Smithfield
Foster	Warren
Glocester	Woonsocket
Johnston	

Please also see attached map which reflects Coastal district communities shaded in yellow and Capital district communities shaded in blue.

Prepared by or under the supervision of: Cheryl A. Warren


DOUGLAS
UXBRIDGE
BELLINGHAM
MILLVILLE
BLACKSTONE
WRENTHAM
PLAINVILLE
WOONSOCKET
BURRILLVILLE
NORTH SMITHFIELD
CUMBERLAND
NORTH ATTLEBOROUGH
ATTLEBORO
GLOCESTER
SMITHFIELD
LINCOLN
CENTRAL FALLS
PAWTUCKET
NORTH PROVIDENCE
SEEKONK
JOHNSTON
PROVIDENCE
EAST PROVIDENCE
FOSTER
SCITUATE
CRANSTON
SWANSEA
BARRINGTON
WARREN
FALL RIVER
WEST WARWICK
WARWICK
COVENTRY
BRISTOL
WEST GREENWICH
EAST GREENWICH
PORTSMOUTH
TIVERTON
WESTPORT
EXETER
NORTH KINGSTOWN
JAMESTOWN
MIDDLETOWN
NEWPORT
LITTLE COMPTON
RICHMOND
HOPKINTON
SOUTH KINGSTOWN
NARRAGANSETT
CHARLESTOWN
WESTERLY

Commission Data Request 1-2

Request:

Please explain, in detail, why reliability performance in the Coastal district has generally been poorer from 1993 to 2003 when compared to the Capital district.

Response:

The annual reliability of any specific area is dependent on a number of factors: the severity of weather, the failure rate of the equipment on the delivery system, the effectiveness of the maintenance efforts of the utility, the efficiency of response of utility personnel to customer service interruptions, the relative remoteness of the delivery system to the service office, and the historically developed configuration of the delivery system. For areas that are contiguous, that are served by the same utility personnel, and that utilize the same materials in the delivery infrastructure, only the historically developed configuration of the delivery system, the relative remoteness of the delivery system to the service office, and the severity of the weather will result in a difference in customers' reliability.

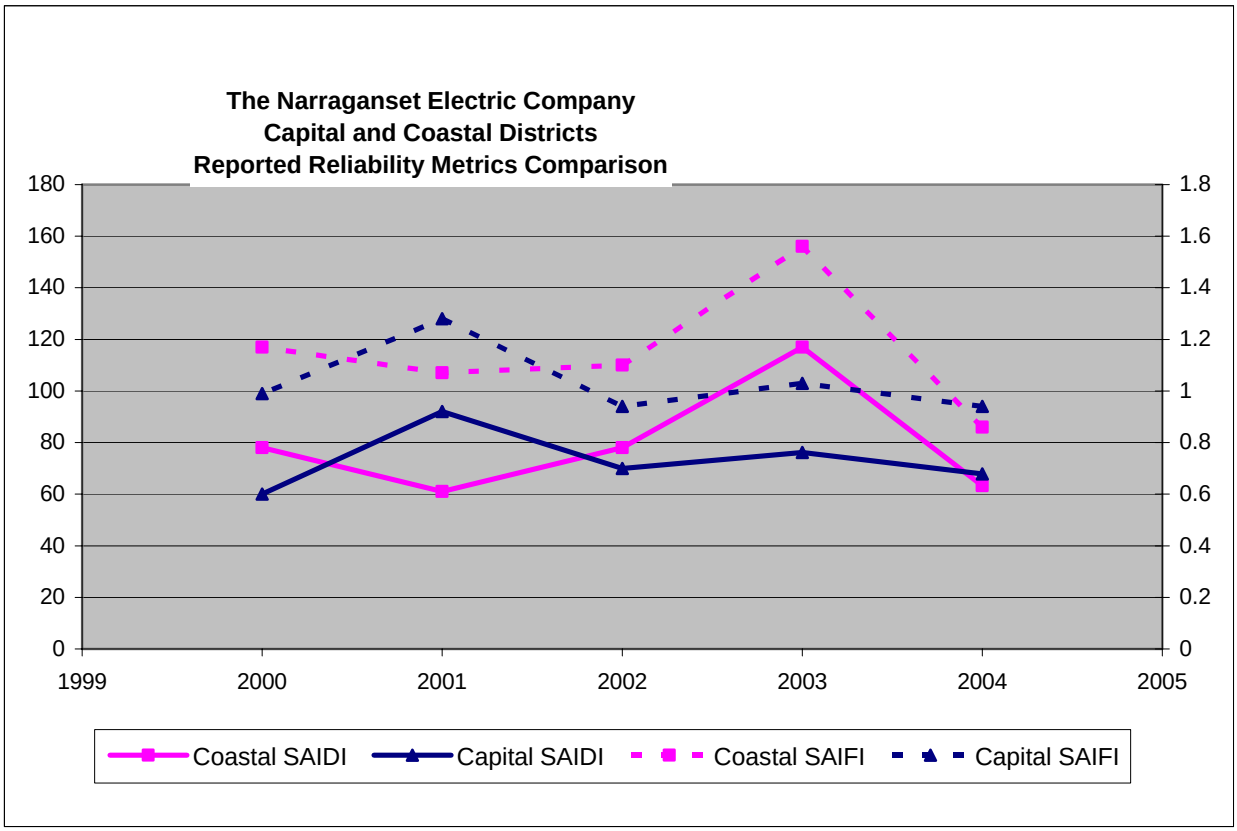
The configuration of the delivery infrastructure in both the Coastal and Capital districts has been matched, over the hundred years of its development, to the load service requirements of the customers in the respective district areas. Because the load density and past load growth of the Coastal district is less than that of the Capital district, line construction in the Coastal district has remained predominantly overhead. Conversely, the urban characteristics of the portion of the Capital district that serves a significant proportion of the customers have required much of the construction to be placed underground. Underground construction is exposed to fewer outside influences that cause reliability problems.

Also, since standard conductor sizes, along with standard equipment and devices, have been used in both districts, the lower load densities in the Coastal district allow greater spacing of equipment and protective devices. This requires greater travel time to find and repair problems when they occur, typically resulting in longer outages. In areas of higher customer densities, employees, stationed in the center of a load service area, are required to travel less distance when responding to reliability issues and can generally get a larger proportion of the customers restored more quickly. Thus, a greater relative number of customer interruptions, with a relatively longer time to repair, will generally cause the reliability metrics to be poorer in an area of lower customer density.

In addition, extreme differences in weather are often experienced between the Coastal district and the Capital district. In recent years, severe coastal storms, in both summer and winter, have caused significant damage to the delivery system in the Coastal district.

Commission Data Request 1-2 (continued)

Although the 1993 - 1999 reliability metrics for the Coastal district are higher on average than those for those Capital district, a comparison of the reliability metrics of the districts over the past five years, during the period of the current service quality standards, shows a high degree of similarity. A review of the following chart shows that, except for the Coastal district results in 2003, which was an extreme weather year for that district, the reliability metrics for the two districts were very comparable.



In fact, when the 2003 data is removed from both the Capital and Coastal districts, the Coastal district average values are actually in line with or lower than those for the Capital district: Average SAIDI: Coastal = 70.1, Capital = 72.5; Average SAIFI: Coastal = 1.05, Capital = 1.04.

Prepared by or under the supervision of: Cheryl A. Warren

Commission Data Request 1-3

Request:

Please provide a justification as to why the Coastal district and Capital district should be combined for service quality purposes if historically there is a difference in reliability performance between the two districts.

Response:

The primary purpose of a service quality plan is to encourage a company to maintain or improve the quality of service to its customers. In order to properly measure the Company's effectiveness at meeting this objective, the service quality measures must be set appropriately.

Historically, including when the current service quality plan metrics were established, the Company maintained two operating districts within Rhode Island: Capital and Coastal. In 2002, the Company combined these districts to operate as a single entity known as the Ocean State division that encompasses all operations within the state. As a result, core operational decisions, such as where to emphasize reliability improvement efforts, are now made on a state-wide basis. Therefore, aligning the reliability performance metrics with the actual operational structure of the Company results in more appropriate reliability metrics under its service quality plan and better enables operational decisions to optimize reliability-related actions and investments.

Furthermore, even at the district level, there are areas within both districts with reliability higher or lower than that for the district as a whole. Under the existing service quality plan, results are aggregated to the district level to allow the measurement of the effectiveness of the Company's operations at the district level, which tracks how the Company had operated prior to 2002. Since the Company no longer operates as two separate districts, the more appropriate reporting of service quality metrics would be on a total company basis. In addition, as pointed out in the response to Commission Data Request 1-2, during the past five years, excluding aberrational performance in 2003, reliability performance for the two districts has been very similar.

Prepared by or under the supervision of: Cheryl A. Warren

Commission Data Request 1-4

Request:

Has the Commission adopted the proposed new methodology (logarithmic data) in any other service quality plan?

Response:

The Company does not believe the Commission has adopted the proposed logarithmic methodology in any other service quality plans. However, Commissions in other states have recently adopted or are currently addressing this method of establishing utilities' service quality reliability performance standards.

The identification of the logarithmic nature of reliability data, both on a daily and yearly basis, surfaced from recent work done in conjunction with the development of the Institute of Electrical and Electronics Engineers ("IEEE") Standard 1366-2003, *Guide for Electric Power Distribution Reliability Indices* ("IEEE Std. 1366-2003"), and the logarithmic data methodology is reflected in that standard. As a result of the final approval and publication of this standard in 2004, regulatory agencies in other states have adopted or are reviewing this method of establishing service quality metrics. For example, in Delaware, rules were written such that as soon as a new version of IEEE Standard 1366 was approved, it was adopted for purposes of establishing reliability metrics. In British Columbia, the IEEE Standard 1366 was also used as the basis for ruling on service quality performance for one utility in 2003. In addition, regulators in California have recently announced their intent to base service quality metrics on the IEEE Std. 1366-2003 and Washington regulators are working with their utilities to pursue adoption of the standard. Finally, the application of IEEE Std. 1366-2003 is also being evaluated in numerous other states as the service quality plans of the utilities in those states come up for review and/or renewal.

Prepared by or under the supervision of: Cheryl A. Warren

Commission Data Request 1-5

Request:

Please explain in detail the statistical superiority and benefit of the proposed new methodology (logarithmic data) over the statistical methodology utilized in the service quality plan adopted in Docket No. 2930.

Response:

As described in the response to Commission Data Request 1-4, the identification of reliability data as logarithmic stemmed from work done in conjunction with the development of the IEEE Std. 1366-2003. The IEEE Working Group on System Design spent several months working with a multitude of data sets from numerous companies throughout the United States and Canada, testing different distributions to determine which one best identified major events. As a result of this research, the Working Group found that the actual nature of reliability data most closely resembles, and is more accurately depicted by, lognormal distribution than by normal, or Gaussian distribution, which is the statistical methodology used in developing the service quality plan adopted in Docket No. 2930. The Company has supported the Working Group's conclusion relative to lognormal distribution through analysis of the Company's own data that has been performed as part of this Docket No. 3628.

Using Gaussian distribution, the probability of a company achieving a penalty is greater than the probability of achieving a penalty offset. However, with lognormal distribution, the probability of a company's performance resulting in either a penalty or a penalty offset is equal. It is this equality of outcome through the use of lognormal distribution which leads to the establishment of proper and fair performance targets under a service quality plan. Furthermore, by setting proper performance targets, the Company is better able to identify when improvement is necessary which will result in the proper allocation of expenditures designed to maintain or improve its reliability performance. For a full discussion of lognormal distribution, see the attached response to Division 1-18, and pages 18-21 and 28-29 of Mrs. Warren's original testimony from the Company's August 2, 2004 filing in this Docket No. 3628.

Prepared by or under the supervision of: Cheryl A. Warren

Division Data Request 1-18

Request:

(Ref. page 29, lines 11 to page 31, line 4) Please address the following:

a) Is it possible to test statistically to see if the SAIFI and SAIDI data used to develop Figures 12 and 13 are, in fact, lognormal in nature? If not, please explain why.

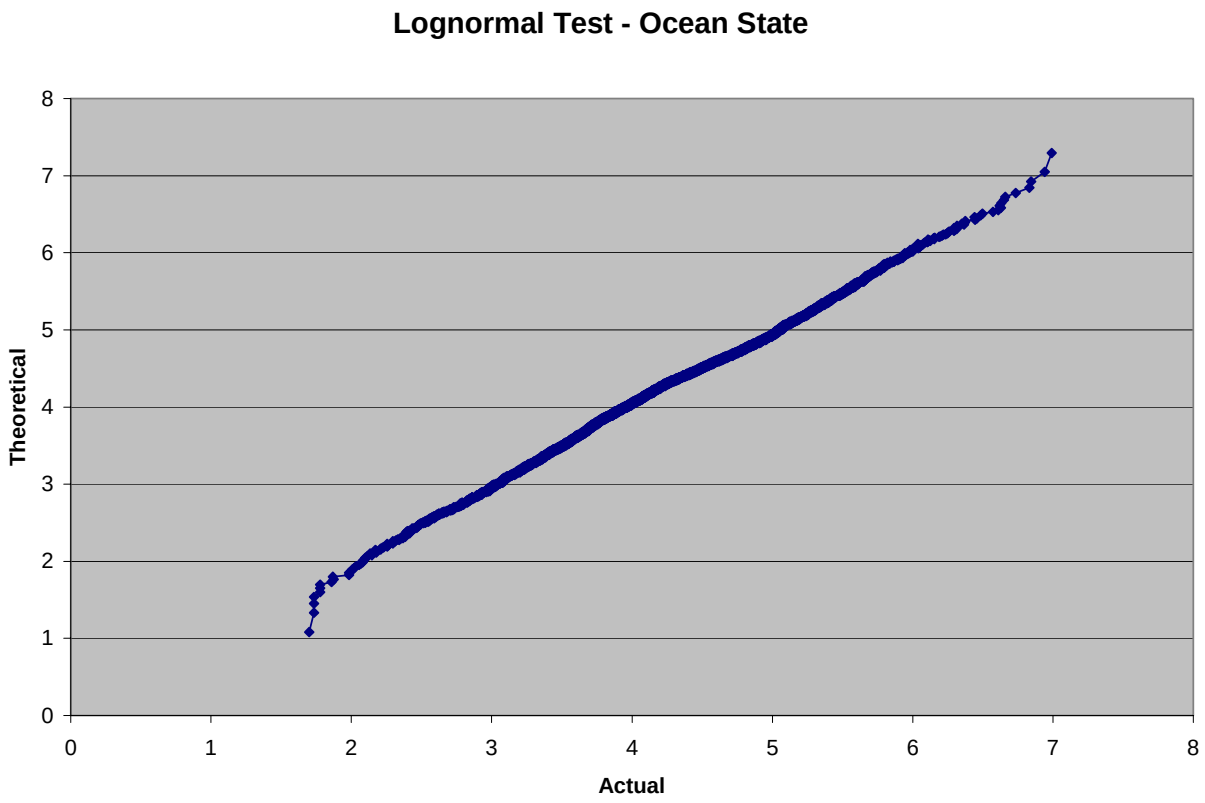
b) Prior to the filing of Ms. Warren's testimony, were tests of the type mentioned in a) performed? If so, did they confirm the lognormal nature of the data? Please provide all supporting materials.

c) Please provide any test results beyond those provided in response to b) which address the lognormal nature of the data used to develop Figures 12 and 13.

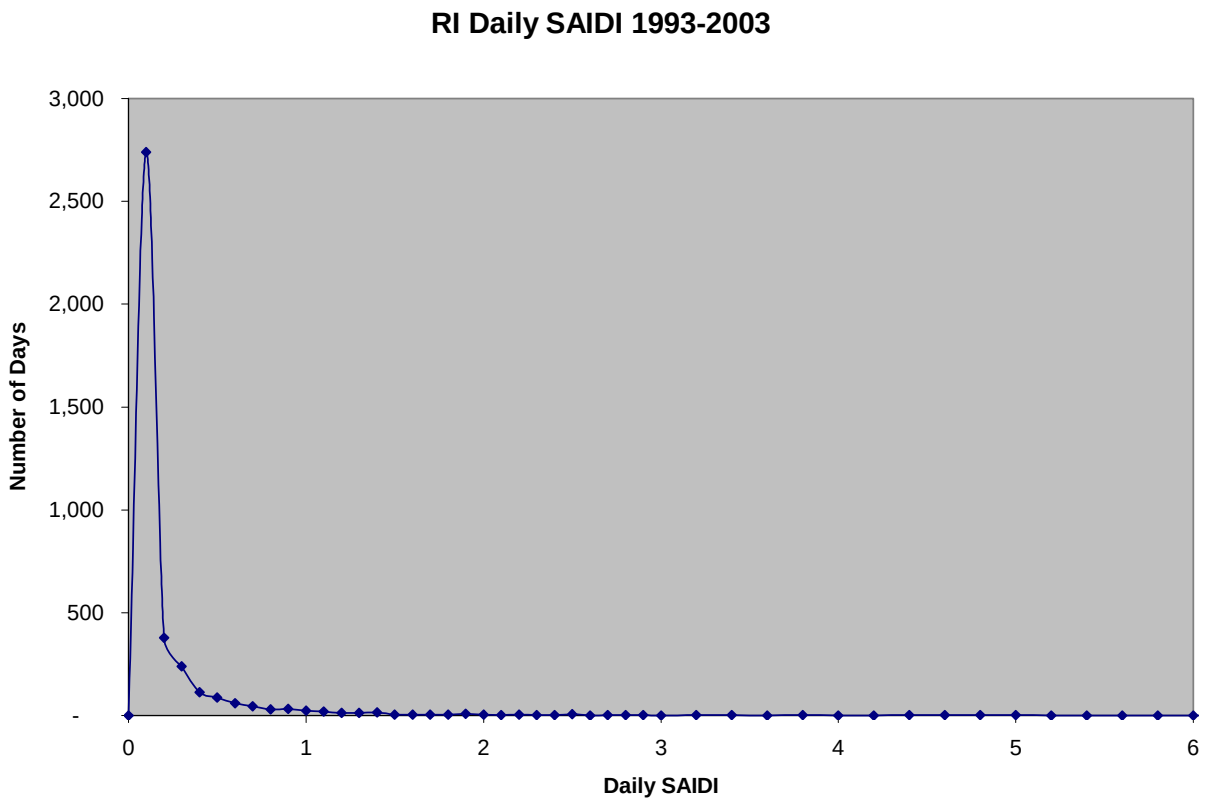
Response:

a) Mrs. Warren's testimony on page 21, lines 1-6, states "…that reliability data is most closely represented by the lognormal distribution". The IEEE Working Group on System Design spent several months working with a multitude of data sets from numerous companies throughout the United States and Canada, testing different distributions to determine which one best identified major events. What the Working Group found was that while the data is not exactly lognormal, it most closely resembles lognormal and much more accurately describes the nature of the actual data than does a suggestion that it is Gaussian. The fact that the data is not exactly lognormal does not diminish the effectiveness of using the distribution because the correct days are identified, which allows appropriate analysis to be conducted.

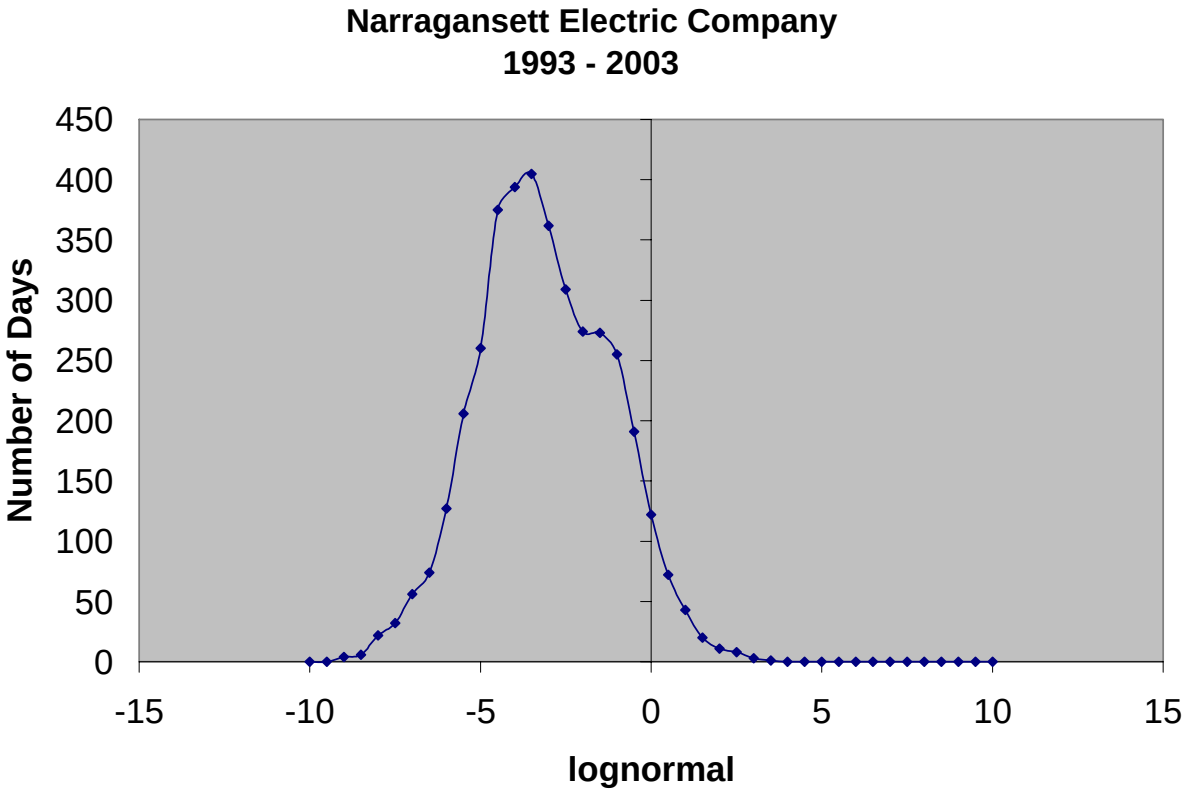
That being said, yes, it is possible to test statistically to determine if the data is represented by the lognormal distribution. One method of conducting such a test is to plot the actual data against the theoretical data. If the data is perfectly lognormal, then a straight line will be formed. In the figure shown below, which reflects Company data from 1993 to 2003, the data, for the most part, falls on a straight line, indicating that it is lognormal. Some variation does exist at the tail, which is the reason the Working Group stated that the lognormal distribution most closely represented reliability data.



A second method of testing the lognormal nature of the data is to plot daily SAIDI and then to plot the lognormal of the daily SAIDI. In the figure below, which shows daily SAIDI plotted by day from 1993 to 2003, it is clear that the data is skewed to the right and therefore shaped lognormally.



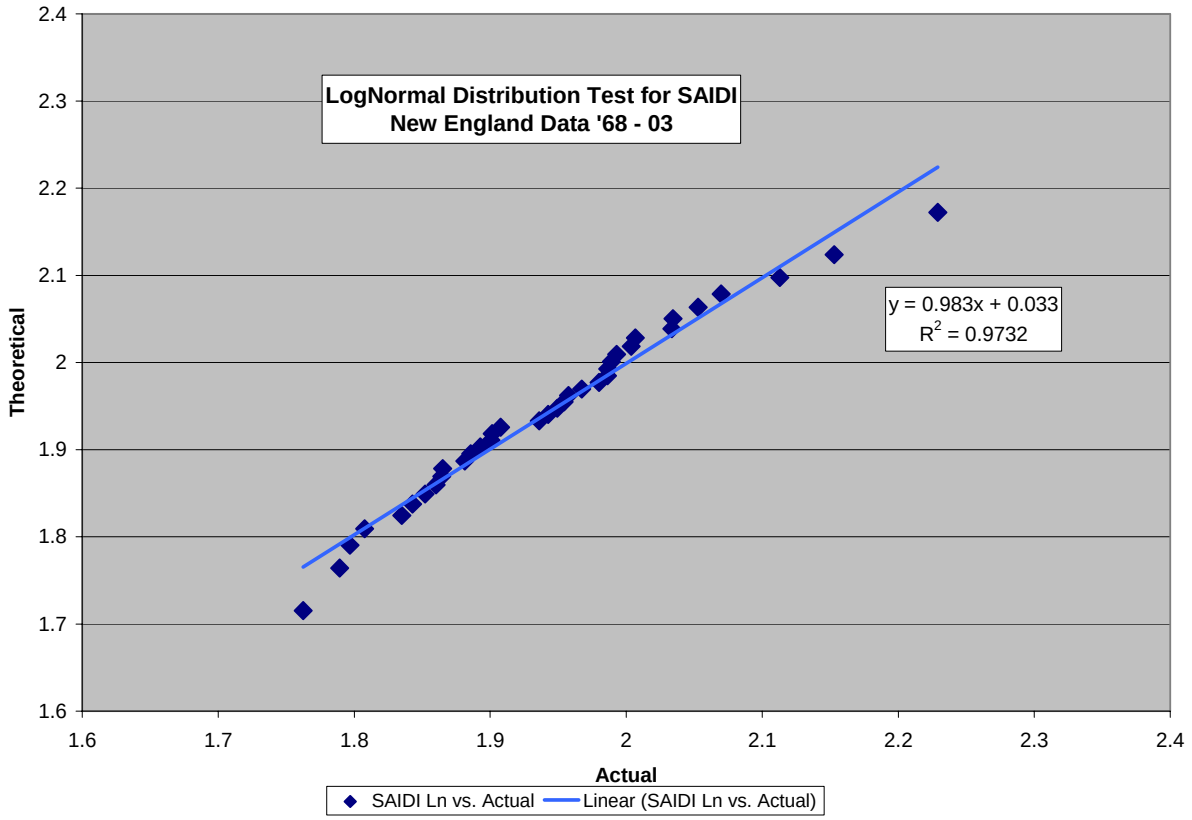
Taking the next step to transform this data into lognormal space and plotting the resulting data yields the figure below. Notice that it looks mostly like a "bell-shaped" curve. Using the data in this space allows the use of the average and standard deviation which, in log space, are known as α and β.

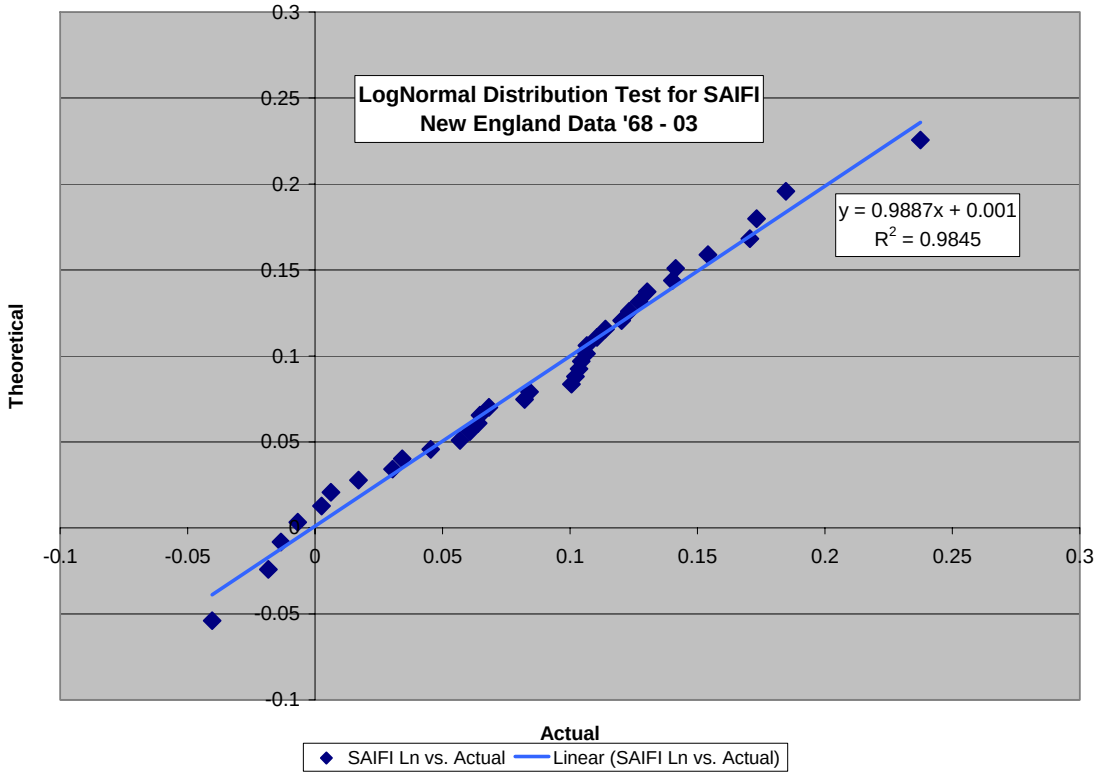


Please refer to the following link for a reference site pertaining to lognormal concepts: http://www.weibull.com/AccelTestWeb/characteristics_of_the_lognormal_distribution.htm.

b) Prior to filing the testimony, data from the Company was not tested to determine how closely it approximated the lognormal distribution. As described in the response to Division 1-18 a) above, the IEEE Working Group tested numerous data sets from utilities throughout the United States and Canada. All sets tested were most closely approximated by the lognormal distribution. Given the volume of data analyzed by the Working Group and the fact that the analysis consistently yielded the conclusion that using the lognormal distribution was most appropriate for determining MEDs, the methodology was applied to the Company. Subsequently, the Working Group's conclusion has been supported through analysis of the Company's own data that has been performed as part of this Docket.

c) Figures 12 and 13 on pages 30 and 31 of Mrs. Warren's testimony address the lognormal nature of the yearly reported reliability metrics. While there are eleven years of data for the Company available, this is inadequate to formulate an understanding of the distribution of the data. Instead, the Company offers a surrogate data set, that of all of the National Grid USA New England, consisting of SAIDI and SAIFI values that exist from 1968 forward. Given the nature of system reliability, it is reasonable to assume that the distribution of the data would be similar for a part of the region measured as for the region as a whole. The following charts present the lognormal test of this yearly system data:





As can be readily seen, the distribution of the data, for both SAIDI and SAIFI, demonstrates lognormal characteristics.

Prepared by or under the supervision of: Cheryl A. Warren

Commission Data Request 1-6

Request:

Please explain why the new methodology (logarithmic data) was proposed for reliability standards but not for customer service standards and in the alternative, why the old methodology is not being utilized for the reliability standards.

Response:

The new methodology was proposed for the reliability performance standards because the nature of that data has been found to be most closely described as having a lognormal distribution, as discovered in connection with the development IEEE Std. 1366-2003 and as described in the responses to Commission Data Requests 1-4 and 1-5. Similar industry work has not been performed on Customer Service performance standards. In addition, with only eight or nine years of historical data available upon which to analyze the Customer Service performance standards, it would be difficult to draw a definitive conclusion as to their distribution.

Prepared by or under the supervision of: Cheryl A. Warren and Mark N. Sorgman

Commission Data Request 1-7

Request:

Please set forth the benchmarks (including penalties and offsets) if the new methodology was applied to all four benchmarks and in the alternative, if the old methodology was applied to all four benchmarks.

Response:

For purposes of below response, the Company has assumed that the years included in the benchmark periods for the four performance standards are the same as those proposed in Company's Service Quality Plan Settlement Agreement filed with the Commission on December 29, 2004 ("December 29, 2004 Settlement"). That is, the two reliability performance standards are based on the years 1995 – 2002, the percent of calls answered within 20 seconds performance standard ("Call Answering") includes the years 1996 – 2004, and the customer contact survey performance standard ("Customer Contact") reflects the years 1997 – 2004.

Old Methodology:

For reliability, benchmarks for the combined company under the old methodology, using the years 1995 – 2002 are shown in the tables below. These benchmarks were developed by adding the Capital and Coastal district reliability data for those days where either district previously met the Extraordinary Event criteria and then excluding any of those days that would meet that same criteria for the company as a whole. Since the exact individual interruption data for those days with Extraordinary Events is not available in all cases, this is an approximation of the results, in that, it had to be assumed that any Extraordinary Event occurred for the whole day, rather than just during the event.

PERFORMANCE STANDARD – SAIFI:
Reflects years 1995 – 2002

SAIFI Company Target	(Penalty) / Offset
More than 1.33	($916,000)
1.20 – 1.33	linear interpolation
0.91 – 1.19	$0
0.77 – 0.90	linear interpolation
Less than 0.77	$229,000

Commission Data Request 1-7 (continued)

PERFORMANCE STANDARD – SAIDI:
Reflects years 1995 – 2002

SAIDI Company Target	(Penalty) / Offset
More than 84.7	($916,000)
75.0 – 84.7	linear interpolation
55.3 – 74.9	$0
45.5 – 55.2	linear interpolation
Less than 45.5	$229,000

For the Customer Service performance measures, the December 29, 2004 Settlement included estimated 2004 results for Call Answering and for Customer Contact of 93.0% and 76.5%, respectively. The actual 2004 results are now known to be 94.1% for Call Answering and 77.5% for Customer Contact. The following tables reflect the inclusion of final 2004 data in these performance measures.

PERFORMANCE STANDARD – Telephone Calls Answered within 20 Seconds:
Reflects final 2004 results; includes years 1996 – 2004 inclusive

Percent of Calls Answered within 20 Seconds Target	(Penalty) / Offset
Less than 53.5%	($184,000)
53.5% – 65.7%	linear interpolation
65.8% – 90.4%	$0
90.5% – 100.0%	linear interpolation, to a maximum of $46,000 at 100%

PERFORMANCE STANDARD – Customer Contact Survey:
Reflects final 2004 results; includes years 1997 – 2004 inclusive

Customer Contact Percent Satisfied Target	(Penalty) / Offset
Less than 74.5%	($184,000)
74.5% – 76.7%	linear interpolation
76.8% – 81.4%	$0
81.5% – 83.7%	linear interpolation
More than 83.7%	$46,000

Commission Data Request 1-7 (continued)

New Methodology:

Under the new (logarithmic) methodology, the reliability performance measures based on results for the years 1995 – 2002 are as follows:

PERFORMANCE STANDARD – SAIFI:
Reflects years 1995 – 2002

SAIFI Company Target	(Penalty) / Offset
More than 1.36	($916,000)
1.20 – 1.36	linear interpolation
0.91 – 1.19	$0
0.80 – 0.90	linear interpolation
Less than 0.80	$229,000

PERFORMANCE STANDARD – SAIDI:
Reflects years 1995 – 2002

SAIDI Company Target	(Penalty) / Offset
More than 93.0	($916,000)
77.4 – 93.0	linear interpolation
53.4 – 77.3	$0
44.4 – 53.3	linear interpolation
Less than 44.4	$229,000

For the Customer Service standards; however, the performance measures for Call Answering and Customer Contact have not been computed under lognormal distribution for the reasons explained in the response to Commission Data Request 1-6.

Prepared by or under the supervision of: Cheryl A. Warren and Mark N. Sorgman

Commission Data Request 1-8

Request:

Please provide examples, which occurred during the rate freeze period (2000-2004), when Narragansett maintains that an "extraordinary event" occurred for each of the three definitions provided in the current service quality plan for "extraordinary event".

Response:

Under the current service quality plan, an interruption is classified as an extraordinary event, and is therefore excluded from the service quality results, if one or more of the following criteria is met:

1) It was the result of a major weather event which causes more than 10% of a district or total company to be without service at a given time; or

2) It was due to the failure of other companies' supply or transmission to Narragansett Electric customers and restoration of service was beyond the reasonable control of the Company and its employees; or

3) It occurred because of an extraordinary circumstance, including, without limitation, a major disaster, earthquake, wild fire, flood, terrorism, or any other event beyond the reasonable control of the Company.

During the 2000-2004 rate freeze period, Narragansett's Capital and Coastal districts experienced extraordinary events under each of the above criteria, as shown in the table below. This information updates and corrects similar extraordinary event information which was provided in the response to Division Data Request 1-12.

Commission Data Request 1-8 (continued)

	2000	2001	2002	2003	2004*
Capital District					
Category 1					
Category 2			Loss of supply (115kV transmission line): 4/28/02**		
			Loss of supply other utilities: 10/19/02**		
Category 3	Major southern New England area snow storm: 12/17/00-12/18/00			Severe windstorm: 11/13/03 – 11/14/03	Severe thunderstorm: 7/2/04
Coastal District					
Category 1		Severe thunderstorm: 6/11/01-6/12/01			Significant snow/ice storm: 12/27/04
Category 2					
Category 3	Cruise ship dragged anchor through submarine cables: 6/11/00***		Severe windstorm: 9/11/02	Severe windstorm: 11/13/03 – 11/14/03	
	Major southern New England area snow storm: 12/17/00-12/19/00				

* 2004 data remains preliminary pending final review.
** These events were incorrectly omitted in the response to Division Data Request 1-12.
*** This event was incorrectly listed as a thunderstorm in the response to Division Data Request 1-12.

Prepared by or under the supervision of: Cheryl A. Warren

Commission Data Request 1-9

Request:

Is the Division satisfied that Narragansett Electric has properly interpreted and applied the term "extraordinary events" during the rate freeze period (2000-2004) to exclude certain data from being covered by the current service quality plan? If the answer is affirmative, please indicate the facts upon which this opinion is based.

Response:

Not applicable for Narragansett Electric.

Commission Data Request 1-10

Request:

Please explain, in detail, why the proposed benchmarks should include years during the rate freeze period (2000-2004) in which Narragansett Electric received the maximum penalty (i.e. the reliability data for duration in the capital district in 2001, call response data for 2001, and customer satisfaction data for 2002 and likely 2004).

Response:

As mentioned in the response to Commission Data Request 1-3, the primary purpose of a service quality plan is to encourage a company to maintain or improve the quality of future service to its customers, and to measure a company's effectiveness at meeting this objective, the service quality measures must be set appropriately. The underlying premise of such statistically based service quality plans is that a company's actual performance should be measured against a full population of its own historical performance over a period of time, and that penalties should accrue when actual performance is one standard deviation or more worse than its average performance and conversely, penalty offsets should accrue when performance is one standard deviation or more better than its average performance.[1] If the entire population of historical performance is used to derive the service quality benchmarks, which would include data points both above and below the average, this would result in a penalty accruing in approximately 17% of the years and, likewise, an offset accruing in approximately 17% of the years. If certain actual performance is excluded from the historical database when deriving the benchmarks, either those far above the average, or conversely, those far below the average, the statistical integrity of the service quality plan design would be lost and a bias would be introduced. In addition to skewing reliability results, the introduction of such a bias could create incentives that are suboptimal from the standpoint of efficient operation. A service quality plan based on a more representative population of historical performance data is therefore more statistically robust and better enables operational decisions to optimize reliability-related actions and investments.

Prepared by or under the supervision of: Robert H. McLaren

[1] As previously explained, in the case of reliability performance with its lognormal distribution, the natural logarithm of historical performance data is used to determine the proper statistical means and standard deviations used for setting performance benchmarks.

Commission Data Request 1-11

Request:

Please recalculate and provide the proposed benchmarks (including penalties and offsets) excluding the data which resulted in Narragansett Electric receiving the maximum penalty during 2000-2004.

Response:

In the area of customer service, the Company experienced a maximum penalty for Call Answering in 2001 and for Customer Contact in 2002. The performance benchmarks for these customer service standards, excluding the years in which the Company incurred a maximum penalty, are as follows:

PERFORMANCE STANDARD – Telephone Calls Answered within 20 Seconds:
Reflects final 2004 results; years 1996 – 2004 excluding max. penalty year of 2001

Percent of Calls Answered within 20 Seconds Target	(Penalty) / Offset
Less than 65.8%	($184,000)
65.8% – 73.6%	linear interpolation
73.7% – 89.5%	$0
89.6% – 97.4%	linear interpolation
More than 97.4%	$46,000

PERFORMANCE STANDARD – Customer Contact Survey:
Reflects final 2004 results; years 1997 – 2004 excluding max. penalty year of 2002

Customer Contact Percent Satisfied Target	(Penalty) / Offset
Less than 75.4%	($184,000)
75.4% – 77.4%	linear interpolation
77.5% – 81.7%	$0
81.8% – 83.8%	linear interpolation
More than 83.8%	$46,000

Commission Data Request 1-11 (continued)

In the area of reliability, the Capital district experienced a maximum penalty in 2001 for system average interruption duration index ("SAIDI"). Using the lognormal distribution and the same years as those proposed be used for SAIDI in the December 29, 2004 Settlement, the performance standards for the years 1995 – 2002, excluding 2001, are shown in the table below.

PERFORMANCE STANDARD – SAIDI:
Reflects years 1995 – 2002 excluding max. penalty year of 2001

SAIDI Company Target	(Penalty) / Offset
More than 94.4	($916,000)
77.6 – 94.4	linear interpolation
52.2 – 77.5	$0
42.8 – 52.1	linear interpolation
Less than 42.8	$229,000

It is important to note however, that the 2001 Capital district penalty was largely due to a series of severe thunderstorms that occurred on June 11 and 12, 2001, which qualified for exclusion under category 1 of the exclusion criteria for the Coastal district (see response to Commission Data Request 1-8). In retrospect, given the severity of the June 11 and 12, 2001 storm, the Company should have excluded this event for the Capital district under category 3 of the Extraordinary Event classification. The storm resulted in 116 events for Ocean State (71 in Coastal and 45 in Capital) on June 11 and 223 events on June 12 (152 in Coastal and 71 in Capital), which is much greater than the average number of events typically experienced. In addition, since both districts experienced significant interruptions, the availability of resources to provide restoration support to the other district was very limited since personnel were busy restoring power within their own district.

Prepared by or under the supervision of: Cheryl A. Warren and Mark N. Sorgman

Commission Data Request 1-12

Request:

Would the parties accept the benchmarks produced by data request No. 12? If not, please provide a ratemaking rationale why the Commission should not adopt these benchmarks.

Response:

The Company does not believe that the benchmarks shown in the response to Commission Data Request 1-11 reflect the proper benchmarks. It is the Company's belief that a Commission-approved service quality program should be one that encourages the Company to take all practical and reasonable steps within its control to provide high quality customer service. Imposing benchmarks or measuring performance in a one-sided or selective manner, or in a manner that is based on circumstances outside of the utility's reasonable control (e.g., extreme weather), is not appropriate. Furthermore, as indicated in the responses to Commission Data Requests 1-5 and 1-10, the establishment of proper performance targets is necessary in enabling the Company to better identify when and where improvement is necessary, which will result in the efficient allocation of expenditures designed to maintain or improve its reliability performance.

Prepared by or under the supervision of: Robert H. McLaren

Certificate of Service

I hereby certify on the 24th day of January 2005, that a copy of the cover letter and / or any materials accompanying this certificate has been mailed or hand-delivered to the parties listed below.

Joanne M. Scanlon
The Narragansett Electric Company

Narragansett Electric Company – Service Quality Plan
Docket 3628 - Service List as of 10/27/04

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