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2005 DEC -2 PM 3:55

PUBLIC UTILITIES COMMISSION

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December 2, 2005

VIA HAND DELIVERY

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

RE: Docket No. 3690, Earnings Sharing Mechanism and Distribution Adjustment Charge Filing

Dear Ms. Massaro:

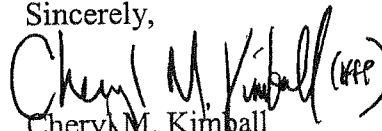
Enclosed please find New England Gas Company's ("Company") responses to the following data requests issued by the Rhode Island Division of Public Utilities and Carriers ("Division"):

DIV 2-07, 2-08, 2-10, and 2-12

Pursuant to the Company's objection filed with the Commission on October 14, 2005, the Company is not provided a response to DIV 2-06 and 2-09, however, we would like to note that we are currently working with the Division to elucidate issues relating to these responses.

Thank you for your attention to this filing.

Sincerely,


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

Enclosure

cc: Luly Massaro, Commission Clerk (nine copies)
Service List, Docket No. 3690

**New England Gas Company
Docket No. 3690**

Record Request and Response

Requestor: Division
Respondent: Robert Riccitelli
Issue Date: October 5, 2005

Q. DIV 2-7 Referring to the response to DIV 1-16, to the extent that any time of NEGAS personnel was spent on matters related to the mercury-release incident, please explain how the Company accounted for that time and the associated costs. The response should provide supporting documentation.

A. DIV 2-7 As previously stated in the response to DIV 1-16, the Company did not allocate any "expenses" associated with time spent by local management in relation to the mercury incident to the "below-the-line" accounts used to isolate and track mercury-related costs.

NEGas does not consider such allocations to be necessary or appropriate because (1) the collective time spent by individuals authorized to be involved in the handling of the incident was minimal; and (2) any time spent by such an employee was incremental to the time required to perform their regular job for the gas utility. No human resources were diverted from their fulltime role in utility operations to handle these matters.

Please note that the Company does not intend this answer to constitute a waiver of its objection filed on October 14, 2005 regarding the provision of supporting documentation.

**New England Gas Company
Docket No. 3690**

Record Request and Response

Requestor: Division
Respondent: Robert Riccitelli
Issue Date: October 5, 2005

Q. DIV 2-8 Referring to the response to DIV 1-16, please provide details of the “tightly controlled accounting process” to track costs associated with the mercury-release incident. The response should include supporting documentation.

A. DIV 2-8 As detailed in the response to DIV 1-16, as soon as it became apparent that costs would be incurred in relation to the mercury incident the Company set up an accounting process to isolate and track the charges. As the first step of this process, the Company notified the internal accounting, purchasing and accounts payable departments that any and all invoices received in relation to the mercury incident should be forwarded directly to internal legal counsel authorized by Southern Union to review and approve those invoices. Internal legal counsel reviewed the bills and posted an account number on the invoice to provide direction to the accounting department regarding the specific account to which it should be billed and paid from. To that end, a separate account structure was established to book costs into a clearing account (with subaccounts for each cost category) so that they would remain separate from booked amounts associated with above-the-line utility operating costs of a similar nature (i.e., costs such as legal and security). The accounts used for this purpose are listed on the attached schedule, which is an internal document generated at the time for the purpose of tracking expenses.

Please note that the Company does not intend this answer to constitute a waiver of its objection filed on October 14, 2005 regarding the provision of supporting documentation.

Accounts Used for Incident-Related Costs

		<u>Description</u>						
Tidewater Property	Clean Up Charges	6100	A	186600	0775	850	XXX	Clean
	* Security Charges	6100	A	186600	0775	850	XXX	Scrity
	Other Related Spill Costs	6100	A	186600	0775	850	XXX	Misc
	Legal Fees	6100	A	186600	0775	850	XXX	Legal
Other Locations	Clean Up Charges	6100	A	186600	0776	850	XXX	Clean
	* Security Charges	6100	A	186600	0776	850	XXX	Scrity
	Other Related Spill Costs	6100	A	186600	0776	850	XXX	Misc
	Legal Fees	6100	A	186600	0776	850	XXX	Legal
	Human Needs	6100	A	186600	0776	850	XXX	Humn
	** Ferland Property	6100	A	186600	0776	850	XXX	Ferl

* = Security Charges : including fire and police

** = Ferland Property : property replacements (not rent)

**NOTE: Use entire string and refer to activity code sheet for "XXX".*

New England Gas Company
Docket No. 3690

Record Request and Response

Requestor: Division
Respondent: Robert Riccitelli
Issue Date: October 5, 2005

- Q. DIV 2-10** Referring to the response to DIV 1-17, please explain why the Company decided to perform a comprehensive review of all health, safety, and environmental policies. The response should include documentation such as internal memos and correspondence supporting the decision to perform the review.
- A. DIV 2-10** Following Southern Union Company's acquisition of substantial new interests in its interstate pipeline affiliates, Southern Union Company's corporate legal counsel, at the request of the Board of Directors, ordered a comprehensive review of all Company policies, including, but not limited to environmental, health and safety policies, to assure consistency, where feasible, across all divisions and subsidiaries in critical compliance areas. New England Gas Company is not aware of any documentation that could be provided that did not involve internal and external legal counsel, and therefore, is privileged and confidential.

**New England Gas Company
Docket No. 3690**

Record Request and Response

Requestor: Division
Respondent: Robert Riccitelli
Issue Date: October 5, 2005

Q. DIV 2-12 How often does the Company intend to conduct a comprehensive review of all health, safety, and environmental policies?

A. DIV 2-12 The Company does not have any specific schedule for conducting such comprehensive reviews. It is anticipated that an ongoing internal EH&S auditing process will be implemented that will make such reviews infrequent.