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October 14, 2005

VIA HAND DELIVERY

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

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

Dear Ms. Massaro:

Pursuant to Rule 1.18(c)(3) of the RIPUC Rules of Practice and Procedure, New England Gas Company ("NEGC" or the "Company") respectfully objects to certain of the Second Set of Data Requests of the Division of Public Utilities and Carriers, specifically DIV 2-6, 2-7, 2-8, and 2-9 (jointly the "Requests"), which were issued to the Company on October 5, 2005. The information sought in these Requests pertains to matters beyond the scope of the pending investigation into the Company's Distribution Adjustment Clause, Docket No. 3690, and release of these materials in this forum could have a detrimental and adverse effect on the Company in litigation in other, more appropriate jurisdictions.

In Docket No. 3401, Order No. 17381, the Commission investigated, modified, and approved a base-rate settlement between the Division, The Energy Council of Rhode Island, and the Company, that requires the Company to file an earnings sharing calculation by September 1 of each year as part of an incentive-based Earnings Sharing Mechanism ("ESM"). In the current proceeding, the Commission is investigating whether the Company has properly calculated the ESM for fiscal year ended June 30, 2005. Thus, the scope of this investigation is limited to the amounts booked as operating revenues and expenses, or as reconciliation amounts, and included in the calculation of earnings to be shared between the Company and its customers.

As stated in the testimony of Robert J. Riccitelli (at page 6), the Company has booked all expenses relating to the mercury-release incident below the line. Therefore, these expenses are excluded from Operating Expense for the purpose of calculating the ESM. Because these costs are excluded from the ESM calculation, these expenses are not within the scope of a proceeding that is investigating whether the ESM is properly calculated. Specifically, Requests 2-6 and 2-9 ask the Company to provide a breakdown of amounts not included in the ESM. This information

is not relevant to the determination of whether amounts that are included in the ESM are proper. Requests 2-7 and 2-8 ask for a description of the Company's accounting methodology and "supporting documentation." When the Company answers those two requests (answers are not yet due), the Company will answer to the best of its ability consistent with the scope of this proceeding. However, the Company objects to these two requests to the extent that the "supporting documentation" or any other part of the answer would require the disclosure of information relating to the response to Requests 2-7 and 2-8.

Disclosure of amounts not included in the ESM calculation will provide no probative value to the Commission's investigation of whether the ESM is properly calculated. Therefore, because the Requests ask for information beyond the parameters of this investigation, the Company respectfully objects to the provision of responses.

Thank you very much for your consideration of this matter.

Sincerely,

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

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