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April 6, 2006

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:

Enclosed please find an original and nine (9) copies of New England Gas Company's responses to the following Record Requests issued on March 2, 2006, in the above captioned docket: RR-COMM-03 through RR-COMM-07.

Thank you for your attention to this filing.

Sincerely,

Cheryl M. Kimball (KGP)

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: Commission

Respondent: Sharon Partridge

Issue Date: March 2, 2006

Q. COMM-RR-03 **Please provide a statement from the Company regarding what, if any, incentive compensation provided to management and employees is still being paid by ratepayers.**

A. COMM-RR-03 Please refer to the Company's responses to COMM 1-06 through 1-09. To summarize, the Employee Incentive Plan allowed in fiscal year 2005 included the Safety and Customer Service Goal of $130,840. This entire amount was included in the ESM calculation because there was no portion of the incentive based on earnings.

The Management Incentive Plan was based on safety and customer service goals and amounted to $455,803, of which 100 percent was excluded from the ESM calculation.

New England Gas Company
Docket No. 3690

Record Request and Response

Requestor: Commission

Respondent: Sharon Partridge

Issue Date: March 2, 2006

Q. COMM-RR-04 **In relation to the $4.4 million figure provided in response to COMM 4-03, please provide the maximum amount allowed under ERISA rules.**

A. COMM-RR-04 As shown in the response to Data Request COMM 6-06, the FAS 87 pension expense for FY2005 totaled $4,424,769. The maximum tax-deductible amount allowed under ERISA and IRS rules for the plan year (which follows a calendar year) is $36,564,923. The Company's contribution for the 2005 plan year will ultimately be paid out over three fiscal year periods (FY2005, FY2006 and FY2007) because (1) the funding due date for a plan year extends beyond the calendar year, and (2) the fiscal year is a split-year period.

New England Gas Company
Docket No. 3690

Record Request and Response

Requestor: Commission

Respondent: Sharon Partridge

Issue Date: March 2, 2006

Q. COMM-RR-05 **Please provide the actuary report for the 2004 short period.**

A. COMM-RR-05 Please refer to the materials attached to the Company's response to Data Request COMM 6-01.

New England Gas Company
Docket No. 3690

Record Request and Response

Requestor:	Commission
Respondent:	Sharon Partridge
Issue Date:	March 2, 2006

Q. COMM-RR-06 **Referring to the Company's response to COMM 4-03, please provide a reconciliation for the differences between this response and that filed as COMM 3-09 in Docket No. 3548. In addition, please provide the basis for the 2004 tax deductible amount of $599,990.**

A. COMM-RR-06 Table 1 provided in response to Data Request COMM 6-06 shows that that figures presented in the chart in COMM 4-03 were accurate, with the exception that the chart in COMM 4-03 indicates that the NEGas contribution made <u>during</u> FY2005 totaled $4,064,772, which is not accurate. The actual amount contributed during the FY2005 period was $5,327,750, as shown on Table 1 of COMM 6-06.

As explained in the response to COMM 6-06, there is a mismatch between amounts tallied on a fiscal year basis and amounts tallied on a plan-year basis. Therefore, it is necessary to analyze the minimum and maximum tax-deductible amounts (based on plan year) separately from the FAS 87 amounts (based on fiscal year). This analysis shows that the minimum and maximum tax-deductible amounts for the 2004 plan year were $3,626,754 and $7,856,609, respectively. Please note that these amounts are correctly referenced in the response to COMM 4-03 as the 2004 contribution (noted in the text below the chart) and the maximum tax deductible amount (noted in the chart).

Upon review, the reference to $599,990 in the "Tax Deductible Amount – for Fiscal Year" in column C of the chart provided in response to COMM 4-03, referred to the portion of the Company's annual contribution for the 2004 plan year, *that was actually paid during FY2004*. In total, the Company contributed $3,626,754 for the 2004 plan year, but this amount was paid over successive fiscal-year periods.

New England Gas Company
Docket No. 3690

Record Request and Response

Requestor: Commission

Respondent: Sharon Partridge

Issue Date: March 2, 2006

Q. COMM-RR-07 **Please provide the formula to determine retiree benefits under the Company's retirement plans for its legacy operations.**

A. COMM-RR-07 The normal retirement formula for the pension plans are as follows:

1. <u>ProvEnergy Pension Plan for Bargaining Unit Employees</u>:
   Normal retirement benefit is equal to: (i) for Local 12431-01, and the greater of (ii) or (iii) for Local 12431-02:
   i. 1.6% of average monthly compensation per year of service;
   ii. 1.5% of average monthly compensation per year of service;
   iii. 2.0% of average monthly compensation per year of service, less 1 2/3% of expected monthly social security benefit per year of service not in excess of 30 years, plus 1.5% of average monthly compensation per year of service in excess of 30 years.

2. <u>ProvEnergy Pension Plan for Non-Bargaining Unit Employees</u>:
   Normal retirement benefit is equal to the greater of (i) or (ii):
   i. 15/16% of the first $333 of average monthly compensation plus 1.5% of average monthly compensation in excess of $333 per year of service;
   ii. 2.0% of average monthly compensation per year of service less 1 2/3% of expected monthly social security benefit per year of service not in excess of 30 years, plus 1.5% of average monthly compensation per year of service in excess of 30 years.

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3. Valley Resources Employees' Pension Plan (covering bargaining unit employees) and the Valley Resources Employees' Retirement Plan (covering non-bargaining unit employees):

   Normal retirement benefit is equal to 1.75% of average monthly compensation per year of service up to 20 years plus 1.5% of average monthly compensation per year of service in excess of 20 years (but not more than 20 years) minus 1% of expected monthly social security benefit per year of service up to 40 years.