Thomas G. Robinson
Deputy General Counsel
National Grid

November 29, 2005

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: Docket 3710 – Dispensation of Settlement Proceeds
<u>Responses to Commission Data Requests – Set 1</u>

Dear Ms. Massaro:

Enclosed please find ten (10) copies of The Narragansett Electric Company's d/b/a National Grid ("Company") responses to the Commission's first set of Data Requests issued on November 16, 2005 in above-captioned proceeding.

Thank you for your attention to this filing. If you have any questions, please feel free to contact me (508) 389-2877.

Very truly yours,

/S/

Thomas G. Robinson

Enclosures

cc: Docket 3710 Service List

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Commission Data Request 1-1

Request:

Referring to Mr. Gerwatowski's testimony, will the distribution credit provided to low income customers be limited to $8 million plus interest?

Response:

Yes. As described in Mr. Gerwatowski's testimony on pages 5 and 6, the total credit paid to customers for the four-year period will be limited to $8 million, plus interest accrued on the balance.

Prepared by or under the supervision of: Ronald T. Gerwatowski

Commission Data Request 1-2

Request:

Will the low income credit fluctuate if the A-60 load fluctuates?

Response:

Since the low income credit is limited to the first 450 kWh of deliveries in a billing month, to the extent that load within that first block fluctuates, then the discount provided to customers from the credit will also fluctuate, but overall the total discount provided will be reconciled against a credit cap of $8 million, plus interest, as described in the Company's response to Commission Data Request 1-4

In addition, the low income credit per kWh will be determined each year as described in the response to Commission Data Request 1-3.

Prepared by or under the supervision of: Jeanne A. Lloyd

Commission Data Request 1-3

Request:

How does the Company propose setting the low income distribution credit each year?

Response:

The credit will be calculated each year in a manner similar to the calculation demonstrated in Exhibit JAL-1, page 1 of 1. The annual credit of $2 million will be divided by the Company's estimated initial block kWh deliveries for Rate A-60 for the subsequent calendar year.

Prepared by or under the supervision of: Jeanne A. Lloyd

Commission Data Request 1-4

Request:

In the event of a deficit balance in the General Ledger account, would the Company be seeking to share in the deficit through the earnings sharing provision, be willing to make up the balance, or be seeking to pass the costs entirely on to ratepayers?

Response:

At this time, the Company anticipates recovering any deficit from customers through an appropriate method to be proposed to the Commission, after discussion with the Division. However, the Company believes that it is unlikely that there will be a deficit of any significant amount.

In determining each year's per-kWh credit, the Company will use the most recent kWh forecast available to increase the probability that there will be no significant difference between the $2 million credit cap and the discounts actually provided to customers in any year. Interest accruing on the balance should also provide a cushion for assuring that there would not be a deficit in the event that the actual credit paid to customers exceeds the $2 million credit cap. In the unlikely event of a deficit at the end of the four year period, the Company, after consultation with the Division, would make a proposal for rate treatment of the deficit. In any event, the Company believes any deficit is likely to be small such that it should not have a measurable impact on the rates charged to other customers.

Prepared by or under the supervision of: Ronald T. Gerwatowski

Commission Data Request 1-5

Request:

What is the rationale for providing a distribution credit through the use of funds that would otherwise be returned to ratepayers through a credit to the transition rate?

Response:

The Company has made this proposal in response to a Division proposal from Docket 3689. Specifically, the Company already has a discounted rate provided by the Low Income Rate A-60 tariff. When it was put in place at the beginning of the current rate plan, it equated to a total bill discount of approximately 20%. The Division suggested in Docket 3689 that, given the unusually high commodity rates that have effectively reduced the total bill discount below the original discount of 20%, it is in the public interest to enhance the low income discount.

In the absence of a funding source, it presents a difficult choice for the Commission to raise the rates of other customers to fund a discount for a special class. The settlement, however, provides an unusual opportunity to use funds that have become available in the administration of the transition charges to assist customers that have been defined by government (in other contexts) to be most in need.

In the end, the implementation of the enhanced low income discount is fundamentally a policy issue for the Commission, where the interest of all customers to obtain an additional credit of approximately 1 mill per kilowatt-hour through the transition charge is weighed against the broader societal interest of providing additional financial help to the neediest through rates. A credit of 1 mill per kilowatt-hour equates to 50¢ per month on a typical 500 kWh customer bill. In contrast, applying the funds instead to the low income rate class, as proposed, equates to a credit of $5.80 per month for the neediest customers who receive service under Rate A-60.

Prepared by or under the supervision of: Ronald T. Gerwatowski