

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: NARRAGANSETT ELECTRIC COMPANY :
d/b/a NATIONAL GRID'S PROPOSED REVISION : DOCKET NO. 3716
TO LINE EXTENSION POLICIES :

ORDER

On December 13, 2005, Narragansett Electric Company d/b/a National Grid (“NGrid” or “Company”) filed Proposed Revisions to Line Extension Policies with the Public Utilities Commission (“Commission”). According to NGrid, the purpose of the revisions are “to shorten the project life cycle by improving the material supply and handling process of construction projects, providing the customer with more control over project timelines.”¹

The major changes included assigning to customers the responsibility for supplying all conduit materials associated with new underground installations and reducing the cost per Center Line Foot to reflect the fact that the Company would no longer be incurring a cost for conduit.² Additionally, the proposed changes would allow customers requesting underground service the ability to apply the full value of the revenue credit against the cost of construction, allowing customers to pay comparatively lower construction advances than they otherwise would have to pay under the current Policy 3.³ Another major change would be the level of cost that would be eligible for financing by residential customers seeking overhead service. Under the existing Policy 1, a customer is required to pay up to \$1,500 in full. If the cost will exceed \$1,500, the

¹ Filing Letter, p. 4.

² Filing Letter, p. 1-3.

³ Filing Letter, p. 1, 3.

customer has the option to finance the entire amount over a period of up to 60 months. The proposed Policy 1 would raise that limit to \$6,000.⁴

On January 4, 2006, the Commission issued seventeen data requests addressing the major proposals as well as more minor details. On January 30, 2006, after reviewing the discovery responses and conferring with the Company, the Division of Public Utilities and Carriers (“Division”) filed a letter proposing certain modifications to the Company’s proposals.⁵

Under the current policy, NGrid provides the conduit for underground service at a fixed cost. Now the customer would be responsible under all three policies to provide the conduit. The customer would be responsible for the lower revised stipulated cost per foot after receiving a credit equivalent to the value of two poles and spans of wire the customer would have received had it been an overhead installation. The Division supports this as does the RI Builders’ Association. The idea is that having the contractor supply the conduit would expedite the installation process of underground service. The Commission concurs with the parties that this change should benefit customers.

Under the current policy, the cost of underground installation is due prior to construction. That will not change. However, the current policy allows for a payment plan of up to 5 years for overhead construction that exceeds \$1,500. The Company has proposed increasing that threshold to \$6,000. The Division has recommended the Company treat the \$6,000 like an insurance deductible and allow for a payment plan of up to 5 years for the amount that exceeds \$6,000, with minimum payments of \$75 per month. The first \$6,000, therefore, would be due prior to the start of construction. This

⁴ Filing Letter, p. 4, Policy 1, Section 4.

⁵ Letter to Luly E. Massaro from James E. Lanni, 1/30/06.

would provide equity to customers and would reduce the Company's arrearage write-offs. The Commission approves the Division's recommendation.

The Division recommends the Company update its 1999 line extension costs prior to the start of the Construction season. The Company has a winter moratorium on underground construction between December 15 and April 1 of each year. The Commission will require the Company to file the updated costs no later than March 1, 2006 in order to allow for a Commission decision by the end of that moratorium.

The Commission notes that the Company uses the term "excessive tree trimming and blasting" in its Policies, but does not define it. In response to a Commission data request, the Company defined "excessive" as occurring "when the level of difficulty requires that an outside company be employed to remove ledge through blasting or clear the space needed for line work." When the work is not excessive, the Company undertakes the trimming and blasting which is included in the stipulated cost per foot as listed in the attachments to the policies. Because the Company only provided one definition of "excessive," it should be included in the Policy.

Policy 3 was inaccurately named (it left out residential customers although it applied to some of them). In a data response, the Company proposed to change it to "Line Extension and Construction Advance Policy for Commercial, Industrial and Existing Residential Customers". This should be reflected in a Compliance Filing.

NGrid was required to make a Compliance Filing consisting of the Policies, updated to reflect the changes as approved by the Commission, within 10 days of the Open Meeting, by Friday, February 10, 2006.

On February 3, 2006, NGrid submitted its Compliance Filing to reflect the changes ordered by the Commission at its January 31, 2006 Open Meeting. On February 21, 2006, at another Open Meeting, after reviewing the Compliance Filing, the Commission approved it as being in conformance with the prior Commission decision.

Accordingly, it is hereby

(18536) ORDERED:

1. The Line Extension Policy changes filed by Narragansett Electric Company d/b/a National Grid are hereby approved, subject to the modifications contained in this Order for effect February 1, 2006.
2. Narragansett Electric Company d/b/a National Grid shall file updated line extension costs no later than March 1, 2006.
3. Narragansett Electric Company d/b/a National Grid's Compliance Filing dated February 3, 2006, is hereby approved.

EFFECTIVE AT WARWICK RHODE ISLAND ON FEBRUARY 1, 2006,
PURSUANT TO OPEN MEETING DECISIONS ON JANUARY 31, 2006 AND
FEBRUARY 21, 2006. WRITTEN ORDER ISSUED FEBRUARY 27, 2006.

PUBLIC UTILITIES COMMISSION

Elia Germani, Chairman

Robert B. Holbrook, Commissioner

Mary E. Bray, Commissioner