

October 13, 2006

**VIA HAND DELIVERY AND ELECTRONIC MAIL**

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

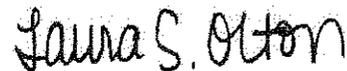
**RE: Docket 3760 - Annual Distribution Adjustment Charge and Earnings Sharing Mechanism Responses to Division Data Requests – Set 3**

Dear Ms. Massaro:

Enclosed please find ten (10) copies of National Grid's outstanding responses to the third set of the Division Data Requests issued on September 29, 2006, in the above-captioned proceeding. This set includes responses to Division Data Requests 3-3, 3-9, 3-10, and 3-12.

Thank you for your attention to this matter. If you have any questions, please feel free to contact me at (401) 784-7667.

Very truly yours,



Laura S. Olton

Enclosures

cc: Docket 3760 Service List

Division Data Request 3-3

Request:

Referring to DIV 1-09, please explain the decrease in the accumulated depreciation in December 2005 and June 2006, as the modifications to the headings do not answer this question.

Response:

The attached worksheet summarizes the changes in the accumulated depreciation account between the periods

Prepared by or under the supervision of:  
Sharon Partridge

**NEW ENGLAND GAS COMPANY  
ACCUMULATED DEPRECIATION  
DETAIL ATTACHMENT SP-1 LINES 2**

	<b>SP-1PAGE 5 Line 2</b>			
1	SEPT 2005	239,483,707		1
2	DEC 2005	236,296,878	(3,186,829)	2
3				3
4	RETIREMENTS	(3,548,926)		4
5	COST OF REMOVAL	(268,568)		5
6	DEPRECIATION	4,532,575		6
7	AMORTIZATION	741,698		7
8	LEASED EQUIPMENT	(6,944)		8
9	ENVIRONMENTAL EXPENDITURES	(160,534)		9
10	ENVIRONMENTAL ACCURAL	(4,476,130)	(3,186,829)	10
11				11
12	<b>LINE 1 - 7</b>		<b>0</b>	12
13				13
14	<b>SP-1PAGE 5 Line 2</b>			14
15	DEC 2005	236,296,878		15
16	MAR 2006	241,314,673	5,017,795	16
17				17
18	RETIREMENTS	(338,166)		18
19	COST OF REMOVAL	(225,494)		19
20	DEPRECIATION	4,718,305		20
21	AMORTIZATION	865,738		21
22	LEASED EQUIPMENT	(4,327)		22
23	ENVIRONMENTAL EXPENDITURES	1,739		23
24	ENVIRONMENTAL ACCURAL	0	5,017,795	24
25				25
26	<b>LINE 16 - 24</b>		<b>0</b>	26
27				27
28	<b>SP-1PAGE 5 Line 2</b>			28
29	MAR 2006	241,314,673		29
30	JUN2006	240,771,770	(542,903)	30
31				31
32	RETIREMENTS	(5,590,821)		32
33	COST OF REMOVAL	(342,720)		33
34	DEPRECIATION	4,711,132		34
35	AMORTIZATION	723,742		35
36	LEASED EQUIPMENT	(3,670)		36
37	ENVIRONMENTAL EXPENDITURES	(40,566)		37
38	ENVIRONMENTAL ACCURAL	0	(542,903)	38
39				39
40	<b>LINE 30 - 38</b>		<b>0</b>	40

Division Data Request 3-9

Request:

Referring to DIV 1-15, please provide an analysis of the uncollectible accounts expense in the twelve months ended June 30, 2006. The response should show the expense based on 2.1% of revenues and any expense based on the review of the aged receivables report.

Response:

See attached worksheets.

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Sharon Partridge

NEW ENGLAND GAS COMPANY  
 UNCOLLECTIBLE EXPENSE  
 TWELVE MONTHS ENDING JUNE 30, 2006

	(a)	(b)	©	(d)	(b)+(c)+(d)
	FIRM REVENUES	(A) X 2.1 %	PIPP & MISC ADJ	*TRUE-UP	UNCOLLECTIBLE EXPENSE
Jul-05	13,560,678	284,774	7,818		292,592
Aug-05	11,993,557	251,865	7,818		259,683
Sep-05	12,930,491	271,540	1,726		273,266
Oct-05	14,220,495	298,630	7,134		305,764
Nov-05	27,610,619	579,823	1,726		581,549
Dec-05	57,449,019	1,206,429	1,726	2,213,696	3,421,851
Jan-06	71,204,930	1,495,304	1,726		1,497,030
Feb-06	58,537,131	1,229,280	1,726		1,231,006
Mar-06	69,218,916	1,453,597	1,729		1,455,326
Apr-06	51,696,444	1,085,625			1,085,625
May-06	31,215,681	655,529			655,529
Jun-06	21,075,866	442,593	64		442,657
		9,254,990	33,193	2,213,696	11,501,879

\* See attached reserve analysis





Division Data Request 3-10

Request:

Referring to DIV 1-17, Attachment, Page 1 of 5, please explain the charges on Lines 3, 4, 5 and 11.

Response:

The charges for lines 3, 4, 5 and 11 are as follows:

Safety & Health Compliance Solutions - Audit of health and safety policies and procedures. Prepared an issue list for the NEGAS' new health and safety manager.

Kasowitz, Benson, Torres & Freidman – General legal services and assistance in compliance with environmental and safety policies.

Herbert Clark Co – Assistance with environmental policies and procedures.

Clean Harbors -- Environmental response services that would not be included in the DAC – environmental response cost.

Prepared by or under the supervision of:  
Sharon Partridge

Division Data Request 3-12

Request:

Referring to DIV 1-17, Attachment, Page 4 of 5, please explain what the rate case amortization represents.

Response:

The amortization represents rate design costs that were charged to the rate case expense accounts several months after the amortization period began. These additional costs did not adjust the monthly amortization, but in fact lengthened the amortization period. These costs were fully amortized in August 2006. The integration related costs were amortized over a three-year period.

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