

September 27, 2006

**VIA HAND DELIVERY AND ELECTRONIC MAIL**

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

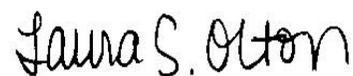
**RE: Docket 3760 - Annual Distribution Adjustment Charge and  
Earnings Sharing Mechanism  
Responses to Division Data Requests – Set 1**

Dear Ms. Massaro:

Enclosed please find ten (10) copies of National Grid's responses to the first set of the Division Data Requests issued on September 13, 2006, in the above-captioned proceeding. This set includes responses to Division Data Requests 1-1 through 1-4; and 1-6 through 1-20.

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 1-1

Request:

Please provide all supporting workpapers for the operating revenues and expenses for the twelve months ended June 30, 2006 on Attachment SP-1, Page 2. The response should reconcile the revenues and expenses on SP-1, Page 2 to the FERC Form 2.

Response:

See attached worksheet.

Prepared by or under the supervision of:  
Sharon Partridge

**NEW ENGLAND GAS COMPANY  
DETAIL GAS REVENUE  
FOR THE TWELVE MONTHS ENDED**

FIRM SALES	JUNE 2006	
1 RESIDENTIAL	300,310,151	1
2 COMMERCIAL	118,794,984	2
3 INDUSTRIAL	11,583,755	3
4 OTHER GAS SALES	481,850	4
5 INTERRUPTIBLE / NON FIRM	15,733,931	5
6 WEATHER MITIGATION FY ' 06	927,000	6
7 ESM FY '05 ACCRUAL	(423,222)	7
8 ESM FY '05 REVERSAL	336,018	8
9 WEATHER MITIGATION FY 05 REVERSAL	1,225,652	9
10 WEATHER MITIGATION FY 04 REVERSAL	263,690	10
11 UNBILLED REVENUES	1,198,651	11
12		12
13 TOTAL FIRM SALES PER FILING - <b>SP-1 PG.2 LINE 3</b>	<u>450,432,460</u>	13
14		14
15		15
16 TOTAL PER FERC REPORT - <b>PG. 301 LINE 1</b>	<u>450,432,460</u>	16
17		17
18 TRANSPORTATION SALES		18
19		19
20 COMMERCIAL	7,229,661	20
21 INDUSTRIAL	3,822,145	21
22 INTERRUPTIBLE / NON-FIRM	804,193	22
23		23
24 TOTAL TRANSP PER FILING - <b>SP-1 PG. 2 LINE 4</b>	<u>11,855,999</u>	24
25		25
26		26
27 TOTAL PER FERC REPORT - <b>PG. 301 LINE 7</b>	<u>11,855,999</u>	27

**NEW ENGLAND GAS COMPANY  
DETAIL OTHER REVENUE  
FOR THE TWELVE MONTHS ENDED**

	JUNE 2006	
1 RENT FROM GAS PROPERTY	261,000	1
2 DEFERRED REVENUES - GCC	39,236	2
3 DISPLACEMENT REVENUE	829,836	3
4 GAIN ON THE SALE OF UTILITY PROPERTY	15,432	4
5 OTHER REVENUE MISC	11,037	5
6 INTEREST ON CUST ARREARS	669,073	6
7 INTEREST ON CUST ARREARS - LDCM	5,307	7
8 TOTAL OTHER REVENUE PER FILING - <b>SP-1 PG. 2 LINE 5</b>	<u>1,830,921</u>	8
9		9
10		10
11 TOTAL PER FERC REPORT - <b>PG. 301 LINE 12 &amp; 14</b>	1,141,109	11
12 ADD / (SUBTRACT) :		12
13 LINE 4 MOVED ABOVE THE LINE	15,432	13
14 LINE 6 MOVED ABOVE THE LINE	669,073	14
15 LINE 7 MOVED ABOVE THE LINE	5,307	15
16		16
17		17
18 FERC ADJUSTED	<u>1,830,921</u>	18

**NEW ENGLAND GAS COMPANY  
DETAIL GAS COSTS  
FOR THE TWELVE MONTHS ENDED**

JUNE 2006

GAS COSTS

1 TOTAL GAS COST	314,648,567	1
2 PRIOR PERIOD DEFERRED GAS COST ADJ	<u>(1,119,328)</u>	2
3 TOTAL GAS COST PER FILING - <b>SP-1 PG.2 LINE 19</b>	<u>313,529,239</u>	3
4		4
5		5
6 TOTAL PER FERC REPORT - <b>PG. 320 LINE 97</b>	<u>314,648,567</u>	6

**NEW ENGLAND GAS COMPANY  
DETAIL O & M EXPENSE  
FOR THE TWELVE MONTHS ENDED**

JUNE 2006

1	TOTAL STORAGE COST PER FILING - <b>SP-1 PG. 2 LINE 20</b>	<u>1,022,755</u>	1
2			2
3	TOTAL PER FERC REPORT - <b>PG. 322 LINE 177</b>	<u>1,022,755</u>	3
4			4
5			5
6	TOTAL DISTRIBUTION COST PER FILING - <b>SP-1 PG.2 LINE 21</b>	<u>22,083,901</u>	6
7			7
8	TOTAL PER FERC REPORT - <b>PG. 324 LINE 229</b>	<u>22,083,901</u>	8
9			9
10			10
11	TOTAL CUSTOMER COST PER FILING - <b>SP-1 PG.2 LINE 22</b>	<u>23,611,709</u>	11
12			12
13	TOTAL CUST COSTS PER FERC RPT - <b>PAGE 325 LINE 237&amp;244</b>	<u>23,611,709</u>	13
14			14
15			15
16	TOTAL SALES COST PER FILING - <b>SP-1 PG. 2 LINE 23</b>	<u>403,443</u>	16
17			17
18	TOTAL PER FERC REPORT - <b>PG. 325 LINE 251</b>	<u>403,443</u>	18
19			19
20			20
21	TOTAL ADMIN & GEN COST PER FILING - <b>SP-1 PG. 2 LINE 24</b>	<u>33,230,106</u>	21
22			22
23	TOTAL PER FERC REPORT - <b>PG. 325 LINE 271</b>	32,896,101	23
24	ADD / (SUBTRACT) :		24
25	FERC # 42650002-0410 INCLUDED (DONATIONS)	133,712	25
26	FERC # 426710-0630 INCLUDED (DONATIONS)	269,249	26
27	SP TESTIMONY PAGE 8 OF 13 LINE 9 EXCLUDED (ADVERTISING)	(68,956)	27
28			28
29	FERC ADJUSTED ADMIN & GEN COSTS	<u>33,230,106</u>	29

**NEW ENGLAND GAS COMPANY  
DETAIL DEPRECIATION  
FOR THE TWELVE MONTHS ENDED**

JUNE 2006

1	TOTAL DEPR & AMORT PER FILING - <b>SP-1 PG. 2 LINE 41</b>	<u>22,238,475</u>	1
2			2
3	TOTAL DEPR & AMORT FERC REPORT - <b>PG. 114 LINE 6 &amp; 7</b>	<u>22,238,475</u>	3

**NEW ENGLAND GAS COMPANY  
DETAIL TAXES OTHER THAN INCOME  
FOR THE TWELVE MONTHS ENDED**

JUNE 2006

1	TOTAL TAXES OTI PER FILING - <b>SP-1 PG.2 LINE 42 &amp; 43</b>	<u>21,202,709</u>	1
2			2
3	TOTAL TAXES OTI PER FERC REPORT - <b>PG. 114 LINE 13</b>	<u>21,202,709</u>	3

**NEW ENGLAND GAS COMPANY  
DETAIL INTEREST EXPENSE OTHER  
FOR THE TWELVE MONTHS ENDED**

JUNE 2005

1	TOTAL CUST DEPOSIT INT EXP OTHER PER FILING - <b>SP-1 PG.2 LINE 55</b>	<u>134,370</u>	1
2			2
3	TOTAL INTEREST EXP OTHER FERC REPORT - <b>PG. 116 LINE 62</b>	264,295	3
4	ADD / (SUBTRACT) :		4
5	FERC # 43100006 EXCLUDED ( D&O INTEREST)	(117,070)	5
6	FERC # 43100001 EXCLUDED (CONS LOAN & OTHER)	(12,855)	6
7			7
8	FERC ADJUSTED INTEREST EXP CUST DEPOSIT INTEREST	<u>134,370</u>	8

**NEW ENGLAND GAS COMPANY  
DETAIL NET INCOME RECONCILIATION  
TWELVE MONTHS ENDED**

	JUNE 2006	
1 TOTAL NET INCOME (LOSS) PER FILING - <b>SP-1 PG.2 LINE 64</b>	<u>4,763,627</u>	1
2		2
3 TOTAL NET INCOME (LOSS) FERC - <b>PAGE 116 LINE 72</b>	(53,492,709)	3
4		4
5 <b>SUBTRACT:</b>		5
6 CORPORATE ALLOCATION	3,265,542	6
7 ACCRUED HEALTH & ENVIRONMENTAL STUDY	191,500	7
8 FEDERAL INCOME TAXES @ 35%	2,820,629	8
9 INVENTORY FINANCING	3,130,242	9
10 SHORT-TERM DEBT	1,047,014	10
11 LONG-TERM DEBT	8,979,865	11
12 PREFERRED DIVIDENDS	474,685	12
13 COMPANY PORTION NON-FIRM MARGIN	474,073	13
14 SAVINGS IMPUTED IN BASE RATES	2,049,000	14
15 UNBILLED REVENUES	1,198,651	15
16 ITC	<u>204,568</u>	16
17 SUB-TOTAL	<u>23,835,769</u>	17
18		18
19 <b>ADD:</b>		19
20 INTEREST EXPENSE CONS LOAN & OTHER	129,925	20
21 FY 05 OVER EARNINGS	423,222	21
22 UNBILLED GAS COSTS	868,028	22
23 PRIOR PERIOD DEFERRED GAS COST ADJUSTMENT	1,119,328	23
24 NON-OPERATING EARNINGS / EXEPNSE	79,296,504	24
25 INCENTIVE RELATED TO EARNINGS	<u>255,098</u>	25
26 SUB-TOTAL	<u>82,092,105</u>	26
27		27
28 TOTAL FERC ADJUSTED NET INCOME (LOSS)	<u><u>4,763,627</u></u>	28

Division Data Request 1-2

Request:

Please provide the complete quarterly balance sheets from which the components of rate base for the twelve months ended June 30, 2006 on Attachment SP-1, Page 5 were taken.

Response:

See attached worksheets.

Prepared by or under the supervision of:  
Sharon Partridge

Name of Respondent <b>New England Gas - RI</b>		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report			
COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)							
Line No.	Title of Account (a)	Reference Page Number (b)	Filed 6/30/2005 (in dollars) (d)	Balance at 9/30/2005 (in dollars) (d)	Balance at 12/31/2005 (in dollars) (d)	Balance at 3/31/2006 (in dollars) (d)	Filed 6/30/2006 (in dollars) (d)
1	UTILITY PLANT						
2	Utility Plant (101-106,114)	200-201	809,424,484	822,032,414	753,925,488	756,123,772	756,339,798
3	Construction Work in Progress (107)	200-201	12,941,629	5,262,283	724,526	1,267,947	2,547,739
4	TOTAL Utility Plant (Total of Lines 2 and 3)	200-201	822,366,113	827,294,697	754,650,014	757,391,719	758,887,537
5	(Less) Accum. Provision for Depr., Amort., Depl. (108, 111, 115)		(241,811,930)	(249,281,457)	(242,153,996)	(255,332,394)	(246,636,887)
6	Net Utility Plant (Total of line 4 less 5)		580,554,183	578,013,240	512,496,018	502,059,325	512,250,650
7	Nuclear Fuel (120.1 thru 120.4, and 120.6)						
8	(Less) Accum. Provision for Amort., of Nuclear Fuel Assemblies (120.5)						
9	Nuclear Fuel (Total of line 7 less 8)		-	-	-	-	-
10	Net Utility Plant (Total of Lines 6 and 9)		580,554,183	578,013,240	512,496,018	502,059,325	512,250,650
11	Utility Plant Adjustments (116)	122					
12	Gas Stored - Base Gas (117.1)	220					
13	System Balancing Gas (117.2)	220					
14	Gas Stored in Reservoirs and Pipelines - Noncurrent (117.3)	220					
15	Gas Owned to System Gas (117.4)	220					
16	OTHER PROPERTY AND INVESTMENTS						
17	Nonutility Property (121)						
18	(Less) Accum. Provision for Depreciation and Amortization (122)						
19	Investments in Associated Companies (123)	222-223	117	117			-
20	Investments in Subsidiary Companies (123.1)	224-225					
21	(For Cost of Account 123.1 See Footnote Page 224, line 40)						
22	Noncurrent Portion of Allowances						
23	Other Investments (124)	222-223	49,286	(228,280)	319,970	309,342	330,720
24	Special Funds (125 thru 128)						
25	TOTAL Other Property and Investments (Total of lines 17-20, 22-24)		49,403	(228,163)	319,970	309,342	330,720
26	CURRENT AND ACCRUED ASSETS						
27	Cash (131)		907,393	(140,893)	2,942,419	3,837,535	1,231,716
28	Special Deposits (132-134)						
29	Working Funds (135)		6,996	3,850	4,200	4,200	4,115
30	Temporary Cash Investments (136)	222-223					
31	Notes Receivable (141)						
32	Customer Accounts Receivable (142)		61,248,903	42,645,139	69,010,906	94,333,886	62,646,383
33	Other Accounts Receivable (143)		878,526	979,109	2,074,319	528,257	(40,244)
34	(Less) Accum. Provision for Uncollectible Accounts - Credit (144)		(7,101,767)	(6,292,153)	(8,216,241)	(7,188,326)	(7,776,002)
35	Notes Receivable from Associated Companies (145)						
36	Accounts Receivable from Associated Companies (146)		317,844,805	332,566,959	356,722,938	409,674,736	426,152,519
37	Fuel Stock (151)		398,679	390,371	383,172	380,569	324,792
38	Fuel Stock Expenses Undistributed (152)						
39	Residuals (Elec) and Extracted Products (Gas) (153)						
40	Plant Materials and Operating Supplies (154)		1,663,895	1,667,240	1,989,677	2,085,912	2,461,790
41	Merchandise (155)						
42	Other Materials and Supplies (156)						
43	Nuclear Materials Held for Sale (157)						

Name of Respondent <b>New England Gas - RI</b>		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report			
COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) (Continued)							
Line No.	Title of Account (a)	Reference Page Number (b)	Filed 6/30/2005 (in dollars) (d)	Balance at 9/30/2005 (in dollars) (d)	Balance at 12/31/2005 (in dollars) (d)	Balance at 3/31/2006 (in dollars) (d)	Filed 6/30/2006 (in dollars) (d)
44	Allowances (158.1 and 158.2)						
45	(Less) Noncurrent Portion of Allowances						
46	Stores Expense Undistributed (163)		71				-
47	Gas Stored Underground - Current (164.1)	220	16,007,288	25,599,169	26,447,451	12,374,528	20,511,334
48	Liquefied Natural Gas Stored and Held for Processing (164.2 thru 164.3)	220	4,922,766	7,416,646	7,961,207	6,668,139	7,254,697
49	Prepayments (165)	230	41,841,873	39,484,778	43,489,289	40,837,346	42,480,454
50	Advances for Gas (166 thru 167)						
51	Interest and Dividends Receivable (171)						
52	Rents Receivable (172)						
53	Accrued Utility Revenues (173)		5,460,981	5,222,319	43,443,335	39,059,865	6,659,632
54	Miscellaneous Current and Accrued Assets (174)		345				-
55	TOTAL Current and Accrued Assets (Total of lines 27 thru 54)		444,080,754	449,542,534	546,252,672	602,596,647	561,911,186
56	DEFERRED DEBITS						
57	Unamortized Debt Expense (181)						
58	Extraordinary Property Losses (182.1)	230					
59	Unrecovered Plant and Regulatory Study Costs (182.2)	230					
60	Other Regulatory Assets (182.3)	232	11,156,796	9,275,489	9,132,699	8,684,654	9,835,061
61	Preliminary Survey and Investigation Charges (Electric) (183)						
62	Preliminary Survey and Investigation Charges (Gas) (183.1, 183.2)						
63	Clearing Accounts (184)		17,578	20,611	114,507	-	-
64	Temporary Facilities (185)						
65	Miscellaneous Deferred Debits (186)	233	2,648,408	6,437,337	4,548,404	14,334,766	5,483,246
66	Deferred Losses from Disposition of Utility Plant (187)						
67	Research, Development, and Demonstration Expend. (188)						
68	Unamortized Loss on Reaquired Debt (189)						
69	Accumulated Deferred Income Taxes (190)	234-235					
70	Unrecovered Purchase Gas Costs (191)						
71	TOTAL Deferred Debits (Total of lines 57 thru 70)		13,822,782	15,733,437	13,795,610	23,019,420	15,318,307
72	TOTAL Assets and Other Debits (Total of lines 10-15,25,55,and 71)		1,038,507,122	1,043,061,048	1,072,864,270	1,127,984,734	1,089,810,863

Name of Respondent <b>New England Gas - RI</b>		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report			
COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)							
Line No.	Title of Account (a)	Reference Page Number (b)	Filed 6/30/2005 (in dollars) (d)	Balance at 9/30/2005 (in dollars) (d)	Balance at 12/31/2005 (in dollars) (d)	Balance at 3/31/2006 (in dollars) (d)	Filed 6/30/2006 (in dollars) (d)
1	<b>PROPRIETARY CAPITAL</b>						
2	Common Stock Issued (201)	250-251					
3	Preferred Stock Issued (204)	250-251					
4	Capital Stock Subscribed (202, 205)	252					
5	Stock Liability for Conversion (203, 206)	252					
6	Premium on Capital Stock (207)	252					
7	Other Paid-In Capital (208-211)	253					
8	Installments Received on Capital Stock (212)	252					
9	(Less) Discount on Capital Stock (213)	254					
10	(Less) Capital Stock Expense (214)	254					
11	Retained Earnings (215, 215.1, 216)	118-119	291,019,547	285,568,115	216,366,802	238,876,838	237,738,268
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119					
13	(Less) Required Capital Stock (217)	250-251					
14	<b>TOTAL Proprietary Capital (Total of lines 2 thru 13)</b>		291,019,547	285,568,115	216,366,802	238,876,838	237,738,268
15	<b>LONG TERM DEBT</b>						
16	Bonds (221)	256-257					
17	(Less) Reacquired Bonds (222)	256-257					
18	Advances from Associated Companies (223)	256-257					
19	Other Long-Term Debt (224)	256-257					
20	Unamortized Premium on Long-Term Debt (225)	258-259					
21	(Less) Unamortized Discount on Long-Term Debt-Dr. (226)	258-259					
22	(Less) Current Portion of Long-Term Debt						
23	<b>TOTAL Long-Term Debt (Total of lines 16 thru 22)</b>		-	-	-	-	-
24	<b>OTHER NONCURRENT LIABILITIES</b>						
25	Obligations Under Capital Leases - Noncurrent (227)		56,622	47,301	40,355	36,028	32,357
26	Accumulated Provision for Property Insurance (228.1)						
27	Accumulated Provision for Injuries and Damages (228.2)		1,794,311	1,538,409	1,600,406	1,599,256	1,582,622
28	Accumulated Provision for Pensions and Benefits (228.3)						
29	Accumulated Miscellaneous Operating Provisions (228.4)						
30	Accumulated Provision for Rate Refunds (229)						
31	<b>TOTAL Other Noncurrent Liabilities (Total of lines 25 thru 30)</b>		1,850,933	1,585,710	1,640,761	1,635,284	1,614,979

Name of Respondent <b>New England Gas - RI</b>		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report			
COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)(Continued)							
Line No.	Title of Account (a)	Reference Page Number (b)	Filed 6/30/2005 (in dollars) (d)	Balance at 9/30/2005 (in dollars) (d)	Balance at 12/31/2005 (in dollars) (d)	Balance at 3/31/2006 (in dollars) (d)	Filed 6/30/2006 (in dollars) (d)
32	<b>CURRENT AND ACCRUED LIABILITIES</b>						
33	Current Portion of Long-Term Debt						
34	Notes Payable (231)						
35	Accounts Payable (232)		31,539,116	32,907,822	55,665,731	41,774,944	23,535,317
36	Notes Payable to Associated Companies (233)						
37	Accounts Payable to Associated Companies (234)		619,462,486	638,594,137	692,814,234	719,304,998	701,989,138
38	Customer Deposits (235)		2,931,708	2,974,881	3,207,462	3,236,161	3,240,343
39	Taxes Accrued (236)	262-263	(11,489,509)	(12,825,002)	(8,596,832)	(11,667,251)	(15,294,605)
40	Interest Accrued (237)		287,145	306,107	321,531	335,410	347,582
41	Dividends Declared (238)						
42	Matured Long-Term Debt (239)						
43	Matured Interest (240)						
44	Tax Collections Payable (241)		276,222	203,046	764,873	961,995	464,946
45	Miscellaneous Current and Accrued Liabilities (242)	268	24,627,373	24,478,754	26,545,729	25,863,206	26,771,919
46	Obligations Under Capital Leases-Current (243)						
47	<b>TOTAL Current and Accrued Liabilities (Total of lines 33 thru 46)</b>		<b>667,634,541</b>	<b>686,639,745</b>	<b>770,722,728</b>	<b>779,809,463</b>	<b>741,054,640</b>
48	<b>DEFERRED CREDITS</b>						
49	Customer Advances for Construction (252)						
50	Accumulated Deferred Investment Tax Credits (255)		1,439,822	1,388,680	1,337,538	1,286,396	1,235,254
51	Deferred Gains from Disposition of Utility Plant (256)						
52	Other Deferred Credits (253)	269	34,298,815	32,121,407	33,386,667	33,835,013	33,316,560
53	Other Regulatory Liabilities (254)	278	9,947,069	3,440,996	17,093,379	40,225,345	42,534,767
54	Unamortized Gain on Reaquired Debt (257)	260					
54.1	Contributions in aid of Construction (271)						
55	Accumulated Deferred Income Taxes (281-283)	276-277	32,316,395	32,316,395	32,316,395	32,316,395	32,316,395
56	Operating Reserves						
57	<b>TOTAL Deferred Credits (Total of lines 49 thru 55)</b>		<b>78,002,101</b>	<b>69,267,478</b>	<b>84,133,979</b>	<b>107,663,149</b>	<b>109,402,976</b>
58	<b>TOTAL Liabilities and Other Credits (Total of lines 14, 23,31,47, and 56)</b>		<b>1,038,507,122</b>	<b>1,043,061,048</b>	<b>1,072,864,270</b>	<b>1,127,984,734</b>	<b>1,089,810,863</b>

Division Data Request 1-3

Request:

Please all supporting workpapers for the components of rate base for the twelve months ended June 30, 2006 on Attachment SP-1, Page 5. The response should reconcile the components of rate base on SP-1, Page 5 to the FERC Form 2 as of June 30, 2005 and June 30, 2006.

Response:

See attached worksheet.

Prepared by or under the supervision of:  
Sharon Partridge

**NEW ENGLAND GAS COMPANY  
DETAIL RATE BASE RECONCILIATION  
FOR THE MONTHS ENDING**

		JUNE 2005	JUNE 2006		
1	<b>GAS PLANT IN SERVICE</b>	<b>FERC FORM 2 PAGE 110 LINE 4</b>	<b>822,366,113</b>	<b>758,887,537</b>	1
2	CONSUMER PREM EQUIP (PRI)	ACCOUNT NUMBER 105000	(132,304)	0	2
3	LEASED PROPERTY UNDER CAP LEASE	10110001	(5,897,475)	(5,597,280)	3
4	GOODWILL	11400003	(303,600,743)	(226,600,743)	4
5		<b>SP-1 PAGE 5 OF 10 LINE 1</b>	<b>512,735,591</b>	<b>526,689,514</b>	5
6					6
7					7
8	<b>ACCUMULATED DEPRECIATION</b>	<b>FERC FORM 2 PAGE 110 LINE 6</b>	<b>241,811,930</b>	<b>246,636,887</b>	8
9	ACCUM DEPR - CAPITAL LEASE	ACCOUNT NUMBER 10800001	(5,840,648)	(5,865,117)	9
10	ACCUM DEPR - ENVIRONMENTAL	10800003	3,742,085	8,034,814	10
11	ACCUM DEPR - RENTAL EQUIP	108500	(132,306)	0	11
12		<b>SP-1 PAGE 5 OF 10 LINE 2+4</b>	<b>239,581,061</b>	<b>248,806,584</b>	12
13					13
14					14
15	<b>CONTRIBUTION IN AID OF CONSTR.</b>	<b>FERC FORM 2 PAGE 268 LINE 5+6</b>	<b>1,583,328</b>	<b>1,274,886</b>	15
16		<b>SP-1 PAGE 5 OF 10 LINE 3</b>	<b>1,583,328</b>	<b>1,274,886</b>	16
17					17
18	<b>MATERIALS AND SUPPLIES</b>	<b>FERC FORM 2 PAGE 110 LINE 37+40</b>	<b>1,437,970</b>	<b>2,786,582</b>	18
19		<b>SP-1 PAGE 5 OF 10 LINE 8</b>	<b>1,437,970</b>	<b>2,786,582</b>	19
20					20
21					21
22	<b>PREPAID EXPENSES</b>	<b>FERC FORM 2 PAGE 111 LINE 49</b>	<b>41,841,873</b>	<b>42,480,545</b>	22
23	NON UTILITY PREPAID	ACCOUNT NUMBER 16500012-13	5,506	(91)	23
24	PREPAID TAXES	16500013	(1,901,805)	(1,901,805)	24
25	PREPAID PENSION - FAS 87	18230012	(36,369,870)	(35,864,257)	25
26	PREPAID PENSION - SERP	18230014	(3,167,218)	(4,173,620)	26
27		<b>SP-1 PAGE 5 OF 10 LINE 9</b>	<b>408,486</b>	<b>540,772</b>	27
28					28
29					29
30	<b>DEFERRED DEBITS</b>	<b>FERC FORM 2 PAGE 111 LINE 71</b>	<b>13,822,782</b>	<b>15,318,307</b>	30
31		EXCLUDE ALL EXCEPT Y2K	(11,482,782)	(13,218,307)	31
32		<b>SP-1 PAGE 5 OF 10 LINE 9</b>	<b>2,340,000</b>	<b>2,100,000</b>	32
33					33
34					34
35	<b>GAS INVENTORIES</b>	<b>FERC FORM 2 PAGE 111 LINE 47+48</b>	<b>20,930,054</b>	<b>27,766,031</b>	35
36		EXCLUDE ALL	(20,930,054)	(27,766,031)	36
37			<b>0</b>	<b>0</b>	37
38					38
39					39
40	<b>CASH WORKING CAPITAL</b>	<b>ATTACH SP-1 PAGE 6 OF 10 LINE 14</b>	<b>12,190,407</b>	<b>14,081,448</b>	40
41					41
42					42
43	<b>ACCUMULATED DEFERRED FIT</b>	<b>FERC FORM 2 PAGE 113 LINE 55</b>	<b>32,316,395</b>	<b>32,316,395</b>	43
44		SP-2 ADFIT FY 06	3,557,682	2,524,378	44
45		<b>SP-1 PAGE 5 OF 10 LINE 16</b>	<b>35,874,077</b>	<b>34,840,773</b>	45
46					46
47					47
48	<b>ACCUMULATED DEFERRED ITC</b>	<b>FERC FORM 2 PAGE 113 LINE 50</b>	<b>1,439,822</b>	<b>1,235,254</b>	48
49		<b>SP-1 PAGE 5 OF 10 LINE 17</b>	<b>1,439,822</b>	<b>1,235,254</b>	49
50					50
51					51
52	<b>CUSTOMER DEPOSITS</b>	<b>FERC FORM 2 PAGE 113 LINE 38</b>	<b>2,931,708</b>	<b>3,240,343</b>	52
53		<b>SP-1 PAGE 5 OF 10 LINE 18</b>	<b>2,681,730</b>	<b>3,240,343</b>	53
54					54
55					55
56	<b>INJURY AND DAMAGE RESERVE</b>	<b>FERC FORM 2 PAGE 112 LINE 27</b>	<b>1,794,311</b>	<b>1,582,622</b>	56
57		<b>SP-1 PAGE 5 OF 10 LINE 19</b>	<b>1,794,311</b>	<b>1,582,622</b>	57

Division Data Request 1-4

Request:

Please provide workpapers showing how all adjustments to operating revenues and expenses to incorporate Commission ratemaking principles and prior Commission findings in DAC dockets were calculated.

Response:

Please refer to DIV 1-01 page 8 of 8. All adjustments to operating revenues and expenses are consistent with the prior ESM filings.

Prepared by or under the supervision of:  
Sharon Partridge

National Grid  
RIPUC Docket 3760 ESM and DAC  
Responses to Division's Data Requests – Set 1  
Issued September 13, 2006

Division Data Request 1-6

Request:

Please reconcile gas cost recovery included in revenue to purchased gas costs included in operating expenses for the twelve months ended June 30, 2006.

Response:

See attached worksheet.

Prepared by or under the supervision of:  
Sharon Partridge

**NEW ENGLAND GAS COMPANY  
RECONCILIATION GAS COST RECOVERY  
FOR THE TWELVE MONTHS ENDED JUNE 2006**

1	Total GCR Revenues (Gas Costs included in Revenues)	300,607,120	Annual GCR Schedule 1 Page 2	1
2				2
3	Gas Cost per book	314,648,567	Attachment SP-1, Page 2, Line 19	3
4	Less:			4
5	Purchased Gas Costs Adjustments	(32,312,431)		5
6	Non-firm	(12,544,563)	Annual GCR, Schedule 2, Page 2	6
7	Company Use	(237,656)	Annual GCR, Schedule 2, Page 2	7
8	Manchester St. Balancing	(79,313)	Annual GCR, Schedule 2, Page 2	8
9	Marketer Overtakes	(319,150)	Annual GCR, Schedule 2, Page 2	9
10	Marketer Withdrawals	(620,516)	Annual GCR, Schedule 2, Page 2	10
11	Prior period gas cost adjustment	(1,119,328)		11
12	Amortization of regulatory asset to deferred revenue	(236,401)		12
13	FERC 717	(20,711)	Attachment SP-4, Page 317a, Line 1	13
14	FERC 735	(176)	Attachment SP-4, Page 317a, Line 3	14
15	FERC 741	(1,543)	Attachment SP-4, Page 317a, Line 4	15
16	FERC 742	(3,004)	Attachment SP-4, Page 317a, Line 5	16
17	FERC 742	(67)	Attachment SP-4, Page 318, Line 55	17
18	LNG Demand to DAC	(663,079)	Annual GCR, Schedule 1, Page 1	18
19	Supply related LNG to DAC	(868,528)	Annual GCR, Schedule 1, Page 2	19
20	Adjustment to true-up GCC at 6/30/05 (booked 7/05)	(12,813)		20
21	Other			21
22	Add:			22
23	Pipeline surcharge credit	1,900,153	Annual GCR, Schedule 2, Page 2	23
24	Marketer Undertakes	779,192	Annual GCR, Schedule 2, Page 2	24
25	Marketer Injections	429,450	Annual GCR, Schedule 2, Page 2	25
26	Supply related LNG O&M	518,894	Annual GCR, Schedule 1, Page 1	26
27	Def. Resp. (Sales to Transp) (Nov - Jun)	12,239	Annual GCR, Schedule 1, Page 1	27
28	Supply related LNG O&M	365,465	Annual GCR, Schedule 1, Page 2	28
29	Inventory financing - LNG	643,445	Annual GCR, Schedule 1, Page 2	29
30	Inventory financing - UG	2,443,457	Annual GCR, Schedule 1, Page 2	30
31	Inventory financing - LP	43,340	Annual GCR, Schedule 1, Page 2	31
32	GCR Working Capital	1,146,240	Annual GCR, Schedule 1, Page 2	32
33	Adjustment needed to true-up booked GCC to filed GCC at 6/30/06 (booked 7/06)	227,096		33
34	Total Costs - Add lines 3 through 28	<u>274,118,259</u>	Annual GCR, Schedule 1, Page 2	34
35				35
36	GCR Revenue less Gas Costs	26,488,861	Line 1 less Line 29	36
37				37
38	GCR Interest Applied	39,236	Annual GCR, Schedule 1, Page 2	38
39				39
40	GPP Incentives	(127,201)	Annual GCR, Schedule 1, Page 2	40
41				41
42	<b>Net change in the Deferred Balance</b>	<u><b>26,576,826</b></u>	Line 31 less lines 33 and 35	42
43				43
44	GCR Deferred Beginning Balance	(3,940,369)	Annual GCR Schedule 1 Page 2	44
45	GCR Deferred Ending Balance	(30,517,195)	Annual GCR Schedule 1 Page 2	45
46	<b>Net change in the Deferred Balance</b>	<u><b>26,576,826</b></u>	Annual GCR Schedule 1 Page 2	46
47				47
48	Variance	<u>0</u>	Line 37 less 41	48

Division Data Request 1-7

Request:

Please provide documentation and calculations supporting the Company's portion of non-firm margins of \$474,073.

Response:

Please see Attachment PCC-5 to the testimony of Peter C. Czekanski filed under cover letter dated August 1, 2006.

Prepared by or under the supervision of:  
Sharon Partridge

Division Data Request 1-8

Request:

Please provide documentation and calculations supporting the elimination of unbilled revenue and associated operating expenses.

Response:

In accordance with the Docket 3401 settlement provisions, the Company eliminated the unbilled revenues recorded on the books from the calculation of operating revenues for the fiscal year ended June 30, 2006. The calculation of unbilled revenues and gas costs for the fiscal year is attached. NOTE: Attachment SP-1 page 2 line 34 should have reduced gas costs by \$1,069,452 for a difference of \$201,424. See attached calculation.

Prepared by or under the supervision of:  
Sharon Partridge

**New England Gas-Rhode Island Division  
Unbilled Revenue & Gas Costs**

	Reference	12 Mo Ending June 30, 2006
Total Sendout - Sales (dth)		28,551,594
Total Sendout - FT-2 (dth)		0
Total Sendout	GasCost	28,551,594
- Non-firm		1,261,314
- Navy		0
- NGV	CSVolumes+5% LL	18,416
- Transportation overtakes		38,645
- Transportation undertakes		(94,013)
- Transportation storage injections		42,276
- Transportation storage w/drawals		1,482
- Transportation MIA/DIA		3,721
Firm Sendout		<u>27,279,753</u>
- Line loss		(700,802)
<b>(A)</b> <span style="border: 1px solid black; padding: 2px;">Adjusted Sendout</span>		<u><u>26,578,952</u></u>
Firm (Res & C&I) Sales	CSVolumes	26,408,025
Firm FT-2 Transportation	CSVolumes	0
TSS Customers	CSVolumes	68,410
+ Company use	CSVolumes	92,125
+ Manchester Street Use	CSVolumes	10,049
+ Gas lites	CSVolumes	3,452
Sales		<u>26,582,061</u>
- Unbilled		(18,463,113)
<b>(B)</b> <span style="border: 1px solid black; padding: 2px;">Adjusted Firm Sales</span>		<u><u>8,118,948</u></u>
Unbilled Balance (A - B)		18,460,004
<span style="border: 1px solid black; padding: 2px;">Current month unbilled mcf</span>		<u>(3,109)</u>
Weighted avg. Distribution margin per dth		\$33.56
Weighted avg. GCR/DAC Collections per dth		\$131.98
Weighted avg. Variable Collections per dth		\$165.54
Unbilled revenue balance		\$264,811,631
<span style="border: 1px solid black; padding: 2px;">12 month unbilled \$</span>		<u>\$1,198,652</u>
Unbilled Rev Balance		\$264,811,631
Unbilled Gas Cost Bal		\$211,665,286
Unbilled Margin Balance		\$53,146,345
12 Mo Unbilled		<b>\$1,198,652</b>
12 mo Unbilled Gas Costs		<b>\$1,069,452</b>

Division Data Request 1-9

Request:

Referring to Attachment SP-1, Page 5, please explain the decreases in the balance of accumulated depreciation in December 2006 and June 2006.

Response:

Attached is the Revised Attachment SP-1 page 5 of 10. Column headings labeled September 2006 & December 2006 should have stated September 2005 & December 2005. As a result the balance did not decrease from December 2006 and June 2006. No other changes were necessary.

Prepared by or under the supervision of:  
Sharon Partridge

NEW ENGLAND GAS COMPANY  
 RATE BASE  
 FIVE QUARTER AVERAGE JUNE 2006

	JUNE 2005	SEPTEMBER 2005	DECEMBER 2005	MARCH 2006	JUNE 2006	AVERAGE JUNE 2006	
1 GAS PLANT IN SERVICE	\$ 512,735,591	\$ 517,796,479	\$ 522,451,992	\$ 525,193,696	\$ 526,689,514	\$ 520,973,454	1
2 LESS : ACCUMULATED DEPRECIATION	239,369,631	239,483,707	236,296,878	241,314,673	240,771,770	239,447,332	2
3 LESS : CONTRIBUTION IN AID OF CONSTR	1,583,328	1,337,540	1,149,581	1,177,711	1,274,886	1,304,609	3
4 LESS : ENVIRONMENTAL	3,742,085	3,947,577	8,435,939	8,156,276	8,034,814	6,463,338	4
5							5
6 NET PLANT	268,040,547	273,027,655	276,569,594	274,545,036	276,608,044	273,758,175	6
7							7
8 MATERIALS AND SUPPLIES	2,062,575	2,057,611	2,372,849	2,466,481	2,786,582	2,349,220	8
9 PREPAID EXPENSES EXCLUDING TAXES	408,486	263,830	638,263	725,528	540,772	515,376	9
10 DEFERRED DEBITS	2,340,000	2,280,000	2,220,000	2,160,000	2,100,000	2,220,000	10
11 CASH WORKING CAPITAL	14,081,448	14,081,448	14,081,448	14,081,448	14,081,448	14,081,448	11
12							12
13	18,892,509	18,682,889	19,312,560	19,433,457	19,508,802	19,166,043	13
14							14
15							15
16 ACCUMULATED DEFERRED FIT	35,874,077	35,481,766	35,089,455	34,965,114	34,840,773	35,250,237	16
17 ACCUMULATED DEFERRED ITC	1,439,822	1,388,680	1,337,538	1,286,396	1,235,254	1,337,538	17
18 CUSTOMER DEPOSITS	2,931,708	2,974,881	3,207,462	3,236,161	3,240,343	3,118,111	18
19 INJURY AND DAMAGE RESERVE	1,794,311	1,538,409	1,600,406	1,599,256	1,582,622	1,623,001	19
20							20
21	42,039,918	41,383,736	41,234,861	41,086,927	40,898,992	41,328,887	21
22							22
23							23
24							24
25 <b>RATE BASE</b>	<b>\$ 244,893,138</b>	<b>\$ 250,326,808</b>	<b>\$ 254,647,293</b>	<b>\$ 252,891,566</b>	<b>\$ 255,217,854</b>	<b>\$ 251,595,331</b>	25

Division Data Request 1-10

Request:

Referring to Attachment SP-1, Page 5, please provide the details of prepaid expenses included in rate base.

Response:

The attached prepaid worksheet includes only those items that have been previously approved by the Commission.

Prepared by or under the supervision of:  
Sharon Partridge

**NEW ENGLAND GAS COMPANY  
DETAIL PREPAID EXPENSE  
FOR THE TWELVE MONTHS ENDED JUNE 2006**

<b>DESCRIPTION</b>	<b>JUNE 2005</b>	<b>SEPTEMBER 2005</b>	<b>DECEMBER 2005</b>	<b>MARCH 2006</b>	<b>JUNE 2006</b>	<b>AVERAGE</b>	
1 INSURANCE			357,906	201,654	3,952	112,702	1
2 PUC ASSESSMENT				308,584		61,717	2
3 SOFTWARE MAINT	391,005	249,250	264,478	201,190	510,062	323,197	3
4 POSTAGE	17,481	14,580	15,879	14,100	26,758	17,760	4
5 TOTAL	<u>408,486</u>	<u>263,830</u>	<u>638,263</u>	<u>725,528</u>	<u>540,772</u>	<u>515,376</u>	5

Division Data Request 1-11

Request:

Referring to Attachment SP-4, Page 114, please explain the increase in amortization expense.

Response:

The majority of the \$831k increase in amortization expense is as follows:

CIS Amortization	\$416,000
Oracle Accounting System	362,000
PowerPlant System	43,000
Misc. Software Upgrades	<u>10,000</u>
	\$831,000

Prepared by or under the supervision of:  
Sharon Partridge

Division Data Request 1-12

Request:

Referring to Attachment SP-4, pages 204 and 205, please describe the additions to and retirements from Miscellaneous Intangible Plant.

Response:

See attached worksheet.

Prepared by or under the supervision of:  
Sharon Partridge

Added Asset Report

Southern Union Co.  
New England Gas Co. - RI

Start Month: Jul/2005

End Month: Jun/2006

Business Segment

GL Account \ Plant Account \ Sub Account

Major Location

Asset ID	Added On WO	Original WO	Asset Description	Vintage (ENG)	Quantity	Amount
NEG Gas Distribution						
101 NON UNITIZED PLANT IN SERVICE \ 30300 - Misc. Intangible Plant-NEG \ None						
01 - Providence						
13378759	400625830SFTW	400625830SFTW	SERVER UPGRADE CIS SFTW BANNER	12/2005	0	\$0.00
13378775	4031305303SFT	4031305303SFT	LICENSE/SOFTWARE CALL MANAGEMENT SYSTEM	12/2005	0	\$0.00
13378777	40313X5303SFT	40313X5303SFT	LICENSE SOFTWARE PHONE SYSTEM UPGRADE	12/2005	1	\$61,676.02
13378825	4031505391101	4031505391101	Purchase desktops to support end users when equipment	12/2005	0	\$0.00
13378779	4Z0574830CNST	4Z0574830CNST	Cnst Smworld-Banner Intergrati, Asset Type =	12/2005	0	\$0.00
13030452	4Z0589830STNDATA	4Z0589830STNDATA	Stoner Data Model-Bristol Warr, Asset Type =	05/2005	0	\$0.00
13378805	4Z0621830SFTW	4Z0621830SFTW	Firewall Analy Software Prov, Asset Type =Electronic Data	12/2005	0	\$0.00
12910135	4Z0626830SFTW	4Z0626830SFTW	Software Virtual Hold System, Asset Type =	05/2005	-1	(\$85,326.92)
Major Location Total:					0	(\$23,650.90)

Account Total: 0 (\$23,650.90)

10100001 - PLANT IN SERVICE \ 30300 - Misc. Intangible Plant-NEG \ None

01 - Providence

13864338	400625830SFTW	400625830SFTW	SERVER UPGRADE-CIS SOFTWARE BANNER	12/2005	0	\$160,089.87
13864358	4031305303SFT	4031305303SFT	LIC/SOFTWARE CALL MGMT SYSTEM	12/2005	0	\$62,392.20
13373012	4031405303SFT	4031405303SFT	CGI SOFTWARE (LICENSE)	12/2005	0	\$273,974.55
13373012	4031405391CON	4031405303SFT	CGI SOFTWARE (LICENSE)	12/2005	0	\$432,025.50
13373012	4031405391MIS	4031405303SFT	CGI SOFTWARE (LICENSE)	12/2005	0	\$102,806.32
13597271	4031505391101	4031505391101	DESKTOPS	12/2005	0	\$4,877.93
13026730	4033005303SFT	4033005303SFT	Oracle Software System	01/2005	0	\$2,621,574.71
13026733	4033105303SFT	4033105303SFT	Power Plant Sys RI	01/2005	0	\$316,449.58
13250451	4Z0157830LASE	4Z0157830LASE	INT LABOR RECORD SCRUBBER	01/2005	0	\$268.41
13249903	4Z0158830CNST	4Z0158830CNST	AM/FM PROJECT BRISTOL	01/2005	0	(\$11,830.29)
13250527	4Z0158830LA	4Z0158830LA	LABOR-AM/FM PROJECT BRISTOL	01/2005	0	(\$107.69)
13864363	4Z0574830CNST	4Z0574830CNST	CNST-SMALLWORLD/BANNER INTERGRATION	12/2005	0	\$53,286.48
13165096	4Z0589830STNDATA	4Z0589830STNDATA	STONER DATA MODULE-BW	05/2005	0	\$18,047.70
12473756	4Z0618830SFTW	Conversion	SOFTWARE UPGRDE SMALLWORLD 4.0(SF391050SFTW)	12/2004	0	\$441.25
13864431	4Z0621830SFTW	4Z0621830SFTW	FIREWALL ANAL SOFTWARE	12/2005	0	\$8,909.25
13165315	4Z0623830CONSL	4Z0623830CONSL	CONSULT INST/IMPL SMLWORL	01/2005	0	\$3,597.50
13032798	4Z0625830SFTW	4Z0625830SFTW	SOFTWARE UPGRADE/CIS-SOFTWARE-BANNNER	01/2005	0	\$205,810.48
13249837	4Z0626830SFTW	4Z0626830SFTW	SOFTWARE VIRTUAL HOLD SYSTEM	05/2005	0	\$108,531.92

Added Asset Report

Southern Union Co.  
New England Gas Co. - RI

Start Month: Jul/2005  
End Month: Jun/2006

Business Segment

GL Account \ Plant Account \ Sub Account

Major Location

Asset ID	Added On WO	Original WO	Asset Description	Vintage (ENG)	Quantity	Amount
NEG Gas Distribution						
10100001 - PLANT IN SERVICE \ 30300 - Misc. Intangible Plant-NEG \ None						
01 - Providence						
13250035	4Z0911420SFTW	4Z0911420SFTW	SOFTWARE BANNER 3.2 CONVERSION	01/2005	0	\$4,265.63
13250176	4Z0960830SFTW	4Z0960830SFTW	SOFTWARE-SECURE ACCESS SYSTEM	01/2005	0	\$1,931.50
Major Location Total:					0	\$4,367,342.80
Account Total:					0	\$4,367,342.80
Business Segment Total:					0	\$4,343,691.90
Company Total:					0	\$4,343,691.90
Grand Total:					0	\$4,343,691.90

Retired Asset Report

Southern Union Co.  
New England Gas Co. - RI

Start Month: Jul/2005

End Month: Jun/2006

Business Segment

GL Account \ Plant Account \ Sub Account

Major Location

Asset ID	Retired On WO	Original WO	Asset Description	Vintage (ENG)	Quantity	Amount
NEG Gas Distribution						
10100001 - PLANT IN SERVICE \ 30300 - Misc. Intangible Plant-NEG \ None						
01 - Providence						
11641934	4000000000001	CONVERSION	SOFTWARE; SCADA SYST - Seq. Num 1	06/1994	0	(\$18,492.00)
11641946	4000000000001	CONVERSION	EXTERNAL LABOR CIS O - Seq. Num 1	10/1994	0	(\$50,352.00)
11641907	4000000000001	CONVERSION	INTERNAL LABOR CIS O - Seq. Num 1	10/1994	0	(\$19,089.88)
11641905	4000000000001	CONVERSION	INTERNAL LABOR COMMU - Seq. Num 1	06/1996	0	(\$48,711.34)
11641913	4000000000001	CONVERSION	INTERNAL LABOR FOR T - Seq. Num 1	06/1996	0	(\$1,245.44)
11641940	4000000000001	CONVERSION	TRAINING FOR COMMUNI - Seq. Num 1	06/1996	0	(\$141,697.75)
11641909	4000000000001	CONVERSION	INTERNAL LABOR FOR T - Seq. Num 1	06/1996	0	(\$239,488.79)
11641942	4000000000001	CONVERSION	TRAINING FOR COMMUNI - Seq. Num 1	06/1996	0	(\$4,377.67)
11641912	4000000000001	CONVERSION	INTERNAL LABOR FOR T - Seq. Num 1	06/1996	0	(\$188.42)
11641937	4000000000001	CONVERSION	SOFTWARE FOR TECHNIC - Seq. Num 1	06/1996	0	(\$14,271.93)
11641943	4000000000001	CONVERSION	TRAINING FOR TECHNIC - Seq. Num 1	06/1996	0	(\$832.26)
11641932	4000000000001	CONVERSION	SOFTWARE FOR COMMUNI - Seq. Num 1	06/1996	0	(\$67,377.25)
11641953	4000000000001	CONVERSION	CONSULTANT FOR TECHN - Seq. Num 1	06/1996	0	(\$1,700.20)
11641941	4000000000001	CONVERSION	TRAINING FOR DEVELOP - Seq. Num 1	10/1996	0	(\$27,144.82)
11641933	4000000000001	CONVERSION	SOFTWARE FOR DEVELOP - Seq. Num 1	10/1996	0	(\$48,052.97)
11641906	4000000000001	CONVERSION	INTERNAL LABOR DEVEL - Seq. Num 1	10/1996	0	(\$29,024.31)
11641944	4000000000001	CONVERSION	TRAINING FOR TECHNIC - Seq. Num 1	10/1997	0	(\$6,817.62)
11641938	4000000000001	CONVERSION	SOFTWARE FOR TECHNIC - Seq. Num 1	10/1997	0	(\$453,490.39)
11641954	4000000000001	CONVERSION	CONSULTANT FOR TECHN - Seq. Num 1	10/1997	0	(\$92,795.57)
11641910	4000000000001	CONVERSION	INTERNAL LABOR TECH - Seq. Num 1	10/1997	0	(\$223,799.16)
11641955	4000000000001	CONVERSION	CONSULTANT FOR TECHN - Seq. Num 1	10/1998	0	(\$267,802.93)
11641939	4000000000001	CONVERSION	SOFTWARE TECHNICAL I - Seq. Num 1	10/1998	0	(\$12,718.49)
11641914	4000000000001	CONVERSION	INTERNAL LABOR TECH - Seq. Num 1	10/1998	0	(\$4,064.46)
11641961	4000000000001	CONVERSION	Lawson Software - Seq. Num 1	02/2003	0	(\$815,971.47)
Major Location Total:					0	(\$2,589,507.12)

Retired Asset Report

Southern Union Co.  
New England Gas Co. - RI

Start Month: Jul/2005  
End Month: Jun/2006

Business Segment

GL Account \ Plant Account \ Sub Account

Major Location

Asset ID	Retired On WO	Original WO	Asset Description	Vintage (ENG)	Quantity	Amount
NEG Gas Distribution						
10100001 - PLANT IN SERVICE \ 30300 - Misc. Intangible Plant-NEG \ None						
32 - Cumberland						
11657763	40000000000001	conversion	MAPPER SYSTEM (SW30393MAPER) : :	08/1993	0	(\$3,418,770.17)
					Major Location Total:	0 (\$3,418,770.17)
					Account Total:	0 (\$6,008,277.29)
					Business Segment Total:	0 (\$6,008,277.29)
					Company Total:	0 (\$6,008,277.29)
					Grand Total:	0 (\$6,008,277.29)

Division Data Request 1-13

Request:

Referring to Attachment SP-4, pages 322-325, please explain the changes in the expenses charged to the following accounts for the twelve months ended June 30, 2006 from the prior year:

- a. 844.2 – LNG Processing Terminal
- b. 874 – Mains and Services
- c. 878 – Meter and House Regulator
- d. 886 – Maintenance of Structures and Improvements
- e. 887 – Maintenance of Mains
- f. 892 - Maintenance of Services
- g. 893 - Maintenance of Meters and House Regulators
- h. 902 – Meter Reading
- i. 903- Customer Records and Collections Expenses
- j. 904 – Uncollectible Accounts
- k. 905 – Miscellaneous Customer Accounts
- l. 909 – Information and Instructional Expenses
- m. 916- Miscellaneous Sales
- n. 931 – Rents

Response:

- a. **FERC 844.2 – LNG Processing Terminal**  
(Increase \$808,132)

The increase in FERC 844.2 is due to the classification of expenses from one year to the next in the FERC report. In the prior year, amounts in account 844.2 totaling \$728,525 were reported as FERC accounts 841, 842.1 and 842.2. The increase in total costs is related to labor costs at the Exeter and Cumberland LNG facilities.

- b. **FERC 874 – Mains and Services**  
(Increase \$407,485)

The increase in FERC 874 is mainly due to a change in the allocation of supervisors' labor beginning late in FY'05. Prior to the change, supervisors' time was allocated on a fixed percentage to particular FERC accounts. Beginning in the Spring of 2005, supervisors' time was allocated on a monthly basis based on where the field crews

charged their time. The increase is also due to strike contingency planning and training in the Spring of 2006.

c. **FERC 878 – Meter and House Regulator**  
(Increase \$931,428)

The increase in FERC 878 is partly due to a change in the allocation of supervisors' labor beginning late in FY'05. Prior to the change, supervisors' time was allocated on a fixed percentage to particular FERC accounts. Labor and overtime was also increased due to staffing levels and the '2 Year Rule' that was in effect that did not allow apprentices to work independently. Outside services charged to this account increased by approximately \$142,000 due to the practice of hiring apprentices through temporary agencies during their 6- month trial period.

d. **FERC 886 – Maint. of Structures and Improvements**  
(Increase \$770,589)

The increase in FERC 886 is the result of increased security services at the Companies' facilities. The City of Pawtucket mandated 24 / 7 security at the Tidewater facility resulting in an increase in cost of approximately \$300,000. Security was also increased at all company facilities including LNG facilities.

e. **FERC 887 – Maintenance of Mains**  
(Increase \$823,157)

The increase in FERC 887 is partly due to a change in the allocation of supervisors' labor beginning late in FY'05. Prior to the change, supervisors' time was allocated on a fixed percentage to particular FERC accounts. Beginning in the Spring of 2005, supervisors' time was allocated on a monthly basis based on where the field crews charged their time. During FY 2006, the Company experienced an increase in Grade 1 emergencies after hours that resulted in more work being done on an overtime basis.

f. **FERC 892 – Maintenance of Services**  
(Increase \$201,622)

As with other FERC accounts above, the increase in FERC 892 is mainly due to a change in the allocation of supervisors' labor beginning

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late in FY'05. Prior to the change, supervisors' time was allocated on a fixed percentage to particular FERC accounts. Beginning in the Spring of 2005, supervisors' time was allocated on a monthly basis based on where the field crews charged their time.

g. **FERC 893 – Maint. of Meters and House Regulators**  
(Increase \$20,498)

The increase in FERC 893 year over year was 2%.

h. **FERC 902 – Meter Reading Expense**  
(Increase \$257,890)

The increase in FERC 902 is partly due to a change in the allocation of supervisors' labor beginning late in FY'05. Prior to the change, supervisors' time was allocated on a fixed percentage to particular FERC accounts. Outside services increased approximately \$70,000 due to the use of temporary employees to fill vacancies in the Meter department as a result of employees out on long-term illness.

i. **FERC 903 – Cust. Records and Collections Expenses**  
(Increase \$1,418,933)

The majority of the increase in FERC 903 is the result of additional labor and outside services, specifically related to collection efforts. Labor increased approximately \$400,000 due to the increase in shutoffs and related turn-ons. The increase in collection agency fees was approximately \$270,000. A vendor was also used to do outbound collection calls resulting in an increase of approximately \$400,000 over the prior year. Pay station costs increased approximately \$80,000. Postage rates increased approximately 5% effective January 2005.

j. **FERC 904 – Uncollectible Accounts**  
(Increase \$3,768,322)

Please refer to DIV 1-14, DIV 1-15 and DIV 1-16.

k. **FERC 905 – Miscellaneous Customer Accounts**  
(Increase \$118,033)

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The increase in FERC 905 is due to increases in IT costs as a result of new and upgraded technology, an example is Virtual Hold.

l. **FERC 909 – Information and Instructional Expenses**  
(Increase \$113,477)

The majority in the increase in costs in FERC 909 is due to outside services for new safety campaigns. Some examples of these campaigns include the 'Fall Heating Tips', Heating season education piece and the smell gas campaign.

m. **FERC 916 – Miscellaneous Sales**  
(Increase \$38,799)

The increase in costs is mainly due to increased vehicle costs charged to this account.

n. **FERC 931 – Rents**  
(Increase \$219,671)

The increase in FERC 931 is mainly due to the misclassification of increased security costs to this account. The security costs should have been charged to FERC 886.

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Division Data Request 1-14

Request:

Please provide the actual write-offs of accounts receivable and the recovery of accounts previously written off in fiscal years 2004, 2005, and 2006.

Response:

NEW ENGLAND GAS COMPANY  
UNCOLLECTIBLE WRITE-OFFS & RECOVERIES  
FOR THE FISCAL YEAR ENDED JUNE 30

	YEAR	WRITE-OFFS	RECOVERIES	NET WRITE-OFFS	
1	2004	13,524,754	(1,997,028)	11,527,726	1
2	2005	9,568,245	(3,247,131)	6,321,114	2
3	2006	12,586,695	(2,645,461)	9,941,234	3

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Division Data Request 1-15

Request:

Please explain how the Company determined its Uncollectible Accounts expense in Fiscal Year 2006.

Response:

The Company determines its Uncollectible Account expense by use of the reserve method. On a monthly basis, the Company increases its reserve for bad debts and the associated uncollectible expense based on a factor of 2.1 percent of revenues. As accounts are determined to be uncollectible, the account is removed from accounts receivable and reduces the reserve for bad debts. At the end of each quarter, the Company prepares an aged receivable report to determine the appropriate reserve balance. The aged receivable report is compared to the reserve balance, if the reserve balance is less than the aged receivable report an increase to the reserve and uncollectible expense is made. If the aged receivable report is less than the reserve balance, the reserve balance is decreased with an appropriate decrease to uncollectible expense.

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Division Data Request 1-16

Request:

Did the Company implement any changes in accounting for Uncollectible Accounts in Fiscal Year 2006? If so please describe the changes.

Response:

The Company did not make any changes in accounting for uncollectible accounts during Fiscal-Year 2006.

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Division Data Request 1-17

Request:

Referring to Attachment SP-4, page 325, please provide an itemization of charges to the following accounts for the twelve months ended June 30, 2006:

- a. 923 – Outside Services Employed
- b. 925 – Injuries and Damages
- c. 926 - Employee Pensions and Benefits
- d. 928 – Regulatory Commission Expenses
- e. 930.2 – Miscellaneous General Expenses

Response:

Please see the attached file that has the detail for each of these accounts.

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NEW ENGLAND GAS COMPANY  
FERC ACCOUNT 923 DETAIL  
TWELEVE MONTH ENDED JUNE 30, 2006

	AMOUNT	DESCRIPTION	
1 Adler Pollock & Sheehan	107,528	Legal	1
2 Professional Security Service	83,159	Security	2
3 Saftey & Health Compliance Solutions	204,490	Legal	3
4 Kasowitz, Benson, Torres & Freidman	125,849	Legal	4
5 Herbert Clark Co.	146,567	Legal	5
6 RDW Group, Inc.	72,315	Informational Advertising	6
7 Clean Management Inc	90,683	Janitorial	7
8 Cross Country Energy Services LLC	21,260	Legal	8
9 Occupations Unlimited	17,243	Temporary Help	9
10 Ira B. Lukens	65,879	Legal	10
11 Clean Harbors	101,456	Environmental Consulting	11
12 Partridge Snow & Hahn	19,566	Legal	12
13 Carroll Kelly & Murphy	18,740	Legal	13
14 Schiff Hardin	16,675	Legal	14
15 Metropark LTD	18,000	Parking	15
16 Strauss Factor Laing	21,939	Legal	16
17 CFS Consulting Inc	15,171	Salary Review Consultant	17
18 Complete Recycling	14,983	Disposal	18
19 Thornton Group LLC	18,000	Legal	19
20 Internal Labor Misclassified	165,212		20
21 37 Other Misc. items <\$10,000	115,833	Other	21
22			22
23 Total	<u>1,460,548</u>		23

NEW ENGLAND GAS COMPANY  
FERC ACCOUNT 925 DETAIL  
TWELVE MONTHS ENDED JUNE 30, 2006

	AMOUNT	
1 Workers' Comp Labor	126,724	1
2 Workers' Comp Insurance	167,656	2
3 Workers' Comp I & D Reserve	1,266,981	3
4 Safety Driver Training	115,500	4
5 Other - Miscellaneous Items < \$5,000 [1]	41,833	5
6 Total	<u>1,718,694</u>	6

[1] Items such as safety shoes, DOT physicals, safety equipment, drug & alcohol testing.

NEW ENGLAND GAS COMPANY  
FERC ACCOUNT 926 DETAIL  
TWELVE MONTHS ENDED JUNE 30, 2006

	AMOUNT	
1 Sick Pay	1,016,055	1
2 Medical Insurance	5,806,956	2
3 Dental Insurance	548,121	3
4 Pension	4,258,641	4
5 FAS 106	1,814,188	5
6 401 (k) Match	1,422,479	6
7 Group Life, LTD Insurance	260,612	7
8 Incentive Accrual	1,120,570	8
9 Other - Miscellaneous <\$10,000	81,689	9
10 Total	<u>16,329,311</u>	10

NEW ENGLAND GAS COMPANY  
FERC ACCOUNT 928 DETAIL  
TWELVE MONTHS ENDED JUNE 30, 2006

	AMOUNT	
1 Adler Pollock & Sheehan	90,204	1
2 Keegan, Werlin & Pabian	123,162	2
3 Rhode Island Division of Public Utilities	1,181,133	3
4 Rate Case Amortization	<u>177,054</u>	4
5 Total	<u><u>1,571,553</u></u>	5

NEW ENGLAND GAS COMPANY  
FERC ACCOUNT 930.2 DETAIL  
TWELVE MONTHS ENDED JUNE 30, 2006

	AMOUNT	
1 DSM Rebate	582,477	1
2 Low Income Assistance Expense	1,693,157	2
3 Weatherization Program Expense	200,000	3
4 Other - Miscellaneous items < \$10,000	21,739	4
5 Total	<u>2,497,373</u>	5

Division Data Request 1-18

Request:

Please explain how the Company tracked costs associated with the acquisition of New England Gas Company by National Grid in the twelve months ended June 30, 2006.

Response:

The Company established a new account in the miscellaneous deferred debit category to track costs incurred association with the merger. This account will be considered a cost of the merger and will be retained by Southern Union.

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Division Data Request 1-19

Request:

Please explain how the Company accounted for costs associated with the acquisition of New England Gas Company by National Grid in the twelve months ended June 30, 2006.

Response:

All outside services and incremental costs that were the responsibility of New England Gas were charged to the account as described in 1-18.

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Division Data Request 1-20

Request:

Please provide the costs associated with the acquisition of New England Gas Company by National Grid that were incurred in the twelve months ended June 30, 2006. The response should describe the costs incurred and the accounts to which the costs were charged.

Response:

The Company incurred costs of \$119,941 for the twelve months ending June 30, 2006 for New England Gas legal expenses, temporary help, transitional IT services and miscellaneous expenses. These costs were charged to the deferred debit.

Legal fees for services engaged by Southern Union were not paid or passed through to New England Gas.

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