nationalgrid

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Senior Counsel

March 26, 2008

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: Docket 3789 – Long Range Gas Plan
Responses to Commission Data Requests – Set 1

Dear Ms. Massaro:

Enclosed please find ten (10) copies of National Grid's[1] responses to the Commission's first set of data requests issued on February 14, 2008 in the above-captioned proceeding.

This filing contains responses to Commission Data Requests 1-1 through 1-3, 1-8 through 1-13, and 1-15 through 1-21. The remaining responses (Commission 1-4 through 1-7 and 1-14) will be forthcoming.

National Grid respectfully requests confidential and privileged treatment of the annual fixed contract cost contained in the response to Commission Data Request 1-15 (b) as this is competitively sensitive information. In compliance with Commission Rule 1.2(g), National Grid is providing one complete unredacted copy of the confidential version of Commission Data Request 1-15 in a sealed envelope marked **"Contains Privileged and Confidential Materials – Do Not Release."**

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

Very truly yours,

Thomas R. Teehan

Enclosures

cc: Docket 3789 Service List

[1] Submitted on behalf of The Narragansett Electric Company d/b/a National Grid.

Commission Data Request 1-1

Request:

What additional pipeline supply has been secured since the Company last filed its Long Range Gas Supply Plan in 2004? Provide information on: the date of acquired pipeline supply, the cost, the pipeline path, and volumes.

Response:

The Company has added two new pipeline transportation contracts since the 2004 Long Range Plan filing in addition to enhancing the pre-existing Distrigas firm combination service contract from 5,300 DT/day to 10,000 DT/day.

New Pipeline Capacity	Capacity DT/Day	In-Service Date	Receipt Point	Delivery Point
Distrigas FCS	10,000	11/1/2005		City Gate
Tennessee Gas	11,600	11/1/2007	South Texas	City Gate
Algonquin Gas *	10,000	11/1/2009 or 11/1/2010	Lambertville, NJ	Portsmouth Tiverton Warren Westerly

* Pending Federal Energy Regulatory Commission approval.

Prepared by or under the supervision of: Gary Beland

Commission Data Request 1-2

Request:

What, if any, additional supply resource(s) is the Company currently considering for future capacity additions or to replace expiring capacity resources over the next 5 years?

Response:

The Long Range Plan indicates that the Company has adequate resources through the five year term of the plan. However, the Distrigas Firm Liquid Service contract expires in October 2008 and must be renewed at some level of service. The Company also anticipates having opportunities to adjust the portfolio to improve cost performance and expects to be discussing supply possibilities with the new LNG projects being built in the region.

Prepared by or under the supervision of: Gary Beland

Commission Data Request 1-3

Request:

At pages 3-4 of the Long Rang Gas Supply Plan, the Company represents that "Long term, the Company's planning process has provided a basis for reductions in firm capacity contracts (and their related costs), and at the same time, has enabled the Company to pinpoint the need for incremental capacity at those specific areas on the system experiencing higher load-growth rates." Please state what reductions in capacity contracts /costs have been achieved over the past three years.

Response:

The Company has not had the opportunity to make significant reductions in the portfolio over the last few years based on several factors: the strong growth experienced in the years prior to the hurricanes in the summer of 2005, the loss of peaking capability from Pawtucket Power and the closure of the obsolete propane facility in Cumberland. The only capacity reduction was a small contract with Texas Gas that delivered Gulf of Mexico supply to Dominion Transmission in Eastern Ohio which the Company elected to terminate at the end of the contract term. It was the initial segment of a path that included four pipeline pieces. In the prior ten years the Providence Gas Company reduced its fixed costs from over $55,000,000 per year to around $30,000,000, in part, by making a significant number of capacity reductions. Going forward, the Company will continue to look for opportunities to reduce fixed costs.

Prepared by or under the supervision of: Gary Beland

Commission Data Request 1-8

Request:

Mr. Oliver notes that the 2006-07 GCR filing reflected a 6% reduction in firm sales. [See page 8 of the Division's February 5, 2007 filing.] He also represents that this was not taken into account in the filing of the Long-Range Supply Plan. In the revised Plan filed October 26, 2007, did the Company in any way take into account the recent reduction in firm sales requirements?

Response:

The October 2007 filing is based on an entirely updated forecast that was shared with Mr. Oliver prior to preparation of this filing. It includes the reductions in sales requirements reflected in Mr. Oliver's testimony.

Prepared by or under the supervision of: Gary Beland

Commission Data Request 1-9

Request:

Explain the contract provisions for the Company's storage of LNG at the Allens Avenue site. [Provide data on peak storage volume available, refill restrictions, maximum day/hour drawdowns, boil-off volumes available, etc.]

Response:

The Company's contract for storage at the Providence facility is unchanged since it was renegotiated and extended in 1999. The contract maximum daily quantity is 95,000 DT/day. The storage capacity is 600,000 DT. There are no restrictions on refill except that, in the event that an excess of trucks are scheduled, the number may be prorated based on the tenants capacity in the tank. The maximum hourly quantity is 1/24 of the daily amount. Boil off quantities are prorated based on the amount of inventory each customer has in the tank. Boil off from customers other than National Grid are treated as Algonquin pipeline deliveries.

The contract extends through 2009 with a guaranteed 10 year extension. The current rate is unchanged from that negotiated in 1999 and is currently discounted from the maximum FERC approved level. The Company provides a firm displacement service to the tank tenants at a fixed price of 50 cents per year per dekatherms of firm service. The revenue for the displacement service is $830,000 per year.

The Company negotiated an arrangement with BG several years ago but those contracts were contingent on development of a receiving terminal at the site and have now expired.

Prepared by or under the supervision of: Gary Beland

Commission Data Request 1-10

Request:

The Company's 2004 Long Range Gas Supply Plan reflected 162,000 Dth of on–system peaking resources (LNG/propane). The current plan reflects 127,000 Dth of on-system LNG for peaking resources. Explain what accounts for the 35,000 Dth decrease in on-system peaking supplies?

Response:

Below is a breakdown of the peaking sources comparing the two plans. The decrease is the result of:

1. Taking the propane facility in Cumberland out of service. (2006 filing page 23).
2. Reserving 10,000 DT/day of the Providence LNG facility to enable the Company to manage hourly swings in customer demand as described in the 2007 plan filing (page 20).
3. Reducing the assumed availability of the second LNG pump at the Cumberland tank. (2007 filing page 20-21).
4. Increasing the assumed output from the Exeter tank.

	2004	2007
Exeter	20,000	24,000
Providence	95,000	85,000
Cumberland	30,000	18,000
Propane-Cumberland	12,000	Out of Service
Total	162,000	127,000

Prepared by or under the supervision of: Gary Beland

Commission Data Request 1-11

Request:

Has the LNG storage contract changed since the last Long Range Gas Supply Plan was filed in 2004?

(a) If the answer is yes, please explain any changes.
(b) Also, explain the financial impact of any change in the LNG storage contract.

Response:

The LNG contract has not changed since 1999.

Prepared by or under the supervision of: Gary Beland

Commission Data Request 1-12

Request:

What ability does the Company have to refill LNG storage on Allens Avenue on a daily/ seasonal basis?

Response:

The Company has two contracts which can be used to provide LNG in liquid form to fill any of its LNG tanks or to provide LNG to use to meet peak hour needs at its Newport or Westerly satellite facilities. The Distrigas FLS contract has a maximum daily quantity (MDQ) of 2,700 DT/day, equivalent to 3 truckloads per day. The Distrigas Firm Combination service has an MDQ of 10,000 and allows for the scheduling of up to 11 truckloads per day. However, any liquid taken reduces the amount available for that day as vapor at the city gate. On the very coldest days the Company uses the contract to deliver vapor, the less costly option, and performs tank refill on warmer days. In total, the Company could have as many as 14 trucks available to refill the Allens Avenue tank. The Company has a contractual right to deliver a minimum of approximately 7 trucks per day to the Providence tank. Historically, it has not had significant conflicts with other customers for truck unloading capacity and has been able to fill as needed.

Seasonally, the Company could take the maximum amount under both Distrigas contracts on every day during the entire winter if it made sense to do so. As a practical matter, fill is limited to boil off replacement prior to the first LNG use in December and then utilization of the FCS contract is limited by the preference described above to use the contract to provide gate deliveries on any day LNG is being used. During severe, extended cold spells, limitations on trucking availability may also reduce deliveries below maximum contract levels.

Prepared by or under the supervision of: Gary Beland

Commission Data Request 1-13

Request:

What ability does the Company have to refill LNG storage in Cumberland on a daily/ seasonal basis?

Response:

All capability to refill described in the response question 12 above is also available to fill Cumberland. The Company has the ability to receive deliveries of at least 10 trucks per day, if necessary.

Prepared by or under the supervision of: Gary Beland

REDACTED

Commission Data Request 1-15

Request:

The following questions relate to the Distrigas FCS contract:
(a) What is the contract period?
(b) What are the monthly/ annual fixed contract costs?
(c) Are the 11 daily truck loads of LNG supply noted at page 28 of the filing a limitation of the Distrigas contract or a (physical) limitation on refilling LNG storage?

Response:

a. 11/1/2005 to 10/31/2010
b. [redacted]/year
c. The 11 trucks per day are a contract limitation.

Prepared by or under the supervision of: Gary Beland

Commission Data Request 1-16

Request:

What volumes that have been taken each month since the *new* Distrigas FCS contract was entered into? Provide the volumes taken as a liquid and as a gas.

Response:

		FCS-067	
	Vapor	Liquid	Total
Nov-2005	0	0	0
Dec-2005	263,000	12,747	275,747
Jan-2006	94,000	0	94,000
Feb-2006	240,000	0	240,000
Mar-2006	234,000	0	234,000
Apr-2006	225,000	0	225,000
May-2006	45,000	0	45,000
Jun-2006	161,800	0	161,800
Jul-2006	132,600	0	132,600
Aug-2006	101,853	0	101,853
Sep-2006	0	0	0
Oct-2006	0	0	0
Nov-2006	40,000	0	40,000
Dec-2006	60,000	0	60,000
Jan-2007	193,000	0	193,000
Feb-2007	280,000	0	280,000
Mar-2007	210,000	0	210,000
Apr-2007	130,000	101,283	231,283
May-2007	80,000	107,199	187,199
Jun-2007	0	53,944	53,944
Jul-2007	0	41,920	41,920
Aug-2007	44,500	50,898	95,398
Sep-2007	54,000	4,007	58,007
Oct-2007	61,278	0	61,278
Nov-2007	235,000	0	235,000
Dec-2007	243,000	58,896	301,896
Jan-2008	219,000	53,415	272,415
Feb-2008	270,000	0	270,000

Prepared by or under the supervision of: Gary Beland

Commission Data Request 1-17

Request:

What was the average monthly commodity cost of gas for volumes taken under the *new* Distrigas FCS contract?

Response:

Below is the commodity cost by month. Note that the commodity pricing is based on the NYMEX close for the month and that the Company swings the amount taken up or down based on whether the price is above or below the cost of other supplies available each day.

	Avg. Cost
Nov-2005	NA
Dec-2005	$11.2330
Jan-2006	$11.7027
Feb-2006	$9.1957
Mar-2006	$7.6867
Apr-2006	$7.2330
May-2006	$7.1980
Jun-2006	$5.9250
Jul-2006	$5.8870
Aug-2006	$7.0420
Sep-2006	NA
Oct-2006	NA
Nov-2006	$7.1530
Dec-2006	$8.3180
Jan-2007	$5.8380
Feb-2007	$6.9170
Mar-2007	$7.5470
Apr-2007	$7.5580
May-2007	$7.5080
Jun-2007	$7.5910
Jul-2007	$6.9290
Aug-2007	$6.1100
Sep-2007	$5.4300
Oct-2007	$6.4230
Nov-2007	$7.2690
Dec-2007	$7.2030
Jan-2008	$7.1720
Feb-2008	$7.9960

Prepared by or under the supervision of: Gary Beland

Commission Data Request 1-18

Request:

What is the contract period for the new capacity on the Tennessee Connexion pipeline?

Response:

The primary term is 11/1/2007 to 10/31/2027, however the Company has reduction rights that would terminate or reduce the contract as early as 4/30/2021.

Prepared by or under the supervision of: Gary Beland

Commission Data Request 1-19

Request:

What are the monthly and the total annual capacity charges for the new Tennessee Connexion pipeline? Are these capacity charges subject to change during the initial contract period?

Response:

The monthly demand cost is $263,743 per month, $3,164,916 per year. These charges are fixed for the life of the contract.

Prepared by or under the supervision of: Gary Beland

Commission Data Request 1-20

Request:

In regards to the sales volumes for the months of January 2006 through January 2008, provide the following data by month:

- total sales for the month;
- total residential sales for the month;
- total non-residential sales fir the month;
- the corresponding sales projection for each month as presented in the 2005, 2006 or 2007 GCR filings.

Response:

Attached please find a table showing the requested actual sales volumes and corresponding projected sales volumes. The table also shows the variance between the two.

Prepared by or under the supervision of: Peter Czekanski

National Grid - RI Gas
Comparison of Actual Sales Volumes with Forecasted Sales Volumes
(decatherms)

	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06		
Actual Sales (Dth)														
Residential	2,990,037	2,357,427	2,846,178	2,148,217	1,243,773	775,196	502,723	412,786	483,655	602,258	1,175,446	1,779,824	17,317,520	
Non-Residential	1,390,973	1,194,295	1,422,032	961,236	566,956	378,374	251,946	223,117	276,429	328,565	543,270	857,913	8,395,106	
Total	4,381,010	3,551,722	4,268,210	3,109,453	1,810,729	1,153,570	754,669	635,903	760,084	930,823	1,718,716	2,637,737	25,712,626	
Sales Projections from Annual GCR filings														
Residential	3,320,007	3,621,808	2,807,178	2,274,619	1,265,948	662,677	460,989	461,016	445,911	681,244	1,285,031	2,189,355	19,475,783	
Non-Residential	1,546,104	1,668,195	1,326,098	1,034,124	595,413	333,612	247,742	247,907	242,828	364,044	612,105	1,006,835	9,225,007	
Total	4,866,111	5,290,003	4,133,276	3,308,743	1,861,361	996,288	708,731	708,923	688,739	1,045,288	1,897,136	3,196,190	28,700,789	
Variance														
Residential	(329,970)	(1,264,381)	39,000	(126,402)	(22,175)	112,519	41,734	(48,230)	37,744	(78,986)	(109,585)	(409,531)	(2,158,263)	-11%
Non-Residential	(155,131)	(473,900)	95,934	(72,888)	(28,457)	44,762	4,204	(24,790)	33,601	(35,479)	(68,835)	(148,922)	(829,901)	-9%
Total	(485,101)	(1,738,281)	134,934	(199,290)	(50,632)	157,282	45,938	(73,020)	71,345	(114,465)	(178,420)	(558,453)	(2,988,163)	-10%

	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07		
Actual Sales (Dth)														
Residential	2,311,889	3,309,267	3,237,952	2,220,877	1,315,192	652,946	472,055	403,269	470,935	486,438	1,011,426	2,191,168	18,083,414	
Non-Residential	1,049,870	1,549,798	1,482,158	1,001,905	582,054	315,578	224,231	210,435	244,834	251,706	523,209	920,213	8,355,991	
Total	3,361,759	4,859,065	4,720,110	3,222,782	1,897,246	968,524	696,286	613,704	715,769	738,144	1,534,635	3,111,381	26,439,405	
Sales Projections from Annual GCR filings														
Residential	3,164,464	3,110,866	2,813,663	2,217,048	1,214,928	738,526	516,885	427,172	470,067	614,021	1,232,011	2,185,188	18,704,838	
Non-Residential	1,428,654	1,438,500	1,325,092	977,846	544,796	348,455	258,290	227,707	257,661	348,046	579,961	1,007,356	8,742,364	
Total	4,593,118	4,549,366	4,138,755	3,194,894	1,759,724	1,086,981	775,174	654,879	727,728	962,067	1,811,972	3,192,544	27,447,202	
Variance														
Residential	(852,575)	198,401	424,289	3,829	100,264	(85,580)	(44,830)	(23,903)	868	(127,583)	(220,585)	5,980	(621,424)	-3%
Non-Residential	(378,784)	111,298	157,066	24,059	37,258	(32,877)	(34,059)	(17,272)	(12,827)	(96,340)	(56,752)	(87,143)	(386,373)	-4%
Total	(1,231,359)	309,699	581,355	27,888	137,522	(118,457)	(78,888)	(41,175)	(11,959)	(223,923)	(277,337)	(81,163)	(1,007,797)	-4%

	Jan-08	
Actual Sales (Dth)		
Residential	3,094,663	
Non-Residential	1,380,459	
Total	4,475,122	
Sales Projections from Annual GCR filings		
Residential	3,019,654	
Non-Residential	1,355,913	
Total	4,375,567	
Variance		
Residential	75,009	2%
Non-Residential	24,546	2%
Total	99,555	2%

Commission Data Request 1-21

Request:

What areas of the Company's distribution system have supply constraints that do not allow the Company to add new customers? Is service to any of these constrained areas being addressed by current plans for additional capacity?

Response:

The Company's engineering and distribution system planning process has identified four areas where additional pipeline supplies are needed or will be needed over the 5 year planning horizon. Each of these areas is either exceeding its contracted pipeline supply capability or is expected to do so in the future.

They are:

Tiverton
Aquidneck Island – Portsmouth/Middletown/Newport
Warren
Westerly

In some instances, the Company has limited firm service to certain large customers or proposed large customers as a result of these constraints. To address this problem the Company has applied for new Algonquin capacity in its latest expansion project, the East-to-West Project, to add 500 DT/day at Tiverton, RI; 2000 DT/day at Warren, RI; 6,000 DT/day at Portsmouth, RI; and 1,500 DT/day at Montville, Conn for delivery to Westerly through the Company's contract with Yankee Gas. The contract calls for the expansion to be completed and available November 1, 2009 or, possibly, as late as November 1, 2010 if approval or construction is delayed. Approval of the Algonquin project is pending at the FERC.

Prepared by or under the supervision of: Gary Beland