

April 5, 2007

VIA HAND DELIVERY & ELECTRONIC MAIL

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

**RE: Docket 3804 - National Grid Affordable Energy Plan
National Grid Response**

Dear Ms. Massaro:

On January 2, 2007, National Grid¹ filed with the Public Utilities Commission (“Commission”) its Affordable Energy Plan for gas and electric service in compliance with R.I.G.L. § 39-1-27.10(a) of The Comprehensive Energy Conservation, Efficiency and Affordability Act of 2006 (“2006 Act”). The Company proposed four components of the Affordable Energy Plan: (1) a discounted low income rate for gas distribution customers; (2) an allocation of dollars that would be used to supplement the existing LIHEAP program, from which the Office of Energy Resources (“OER”) can draw upon to assist very low income customers in managing their arrears; (3) a proposal to enhance the arrearage forgiveness program that is set forth in R.I.G.L. § 39-2-1(e) of the law; and (4) weatherization programs that “piggy-back” pre-existing programs that have been proposed to the Commission in both the electric and gas energy efficiency dockets. As described in the Company’s filing, the programs proposed in the Affordable Energy Plan are contingent upon allocation of funds by the OER under its state strategic plan, in accordance with the 2006 Act. The Commission docketed National Grid’s filing as Docket No. 3804.²

On March 1, 2007, in compliance with R.I.G.L. § 42-141-3 of the 2006 Act, OER issued its Strategic Plan for Rhode Island Energy Affordability Fund Usage (“OER Strategic Plan”). The OER Strategic Plan contained summaries of the proposed energy affordability plans filed with the Commission by National Grid, BIPCO and Pascoag, the obligations of OER under the 2006 Act, as well as its allocations of the Energy Affordability Fund for FY 2008, and preliminary allocations for FY 2009 and 2010.

On March 22, 2007, the George Wiley Center filed comments in support on National Grid’s proposed Affordable Energy Plan.

¹ Filed on behalf of The Narragansett Electric Company, d/b/a National Grid (“National Grid” or the “Company”).

² On January 12, 2007, in compliance with the 2006 Act, Block Island Power Company (“BIPCO”) filed its Affordable Energy Plan with the Commission. Similarly, on January 30, Pascoag Utility District (“Pascoag”) filed its Affordable Energy Plan for Electric Service. The Commission docketed these companies’ filings as Docket No. 3806.

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On March 23, the Division of Public Utilities and Carriers (“Division”) filed its comments regarding the Company’s proposed Affordable Energy Plan. The Division supported National Grid’s statements that the existing electric discounts already “more than adequately complied with the Act.” It also supported the creation of a low-income gas rate, based on the allocation of funds from OER.

The Division took issue, however, with some of the Company’s proposed “program enhancements” to the legislatively-mandated arrearage forgiveness directives, and indicated that such deviations from the law are not appropriate. Specifically, the Division challenged National Grid’s proposal to forgive arrears after 24 months rather than 36 months. The Division also objected to the Company’s proposal to accelerate the forgiveness in six-month increments rather than the three years contained in the 2006 Act. With regard to these proposals by the Company, the Division stated that “the Act is legally dispositive concerning the timeframes associated with the forgiveness program” and that the Commission must reject these two enhancements that were proposed by National Grid.

The Division did not object to the Company’s third enhancement proposal that customers be granted the opportunity to enroll in the program after receiving a notice of termination, rather than after termination, but indicated that such decision ultimately hinges on the Commission’s interpretation of the Act.

In response to the Division’s comments, National Grid states that it believes that its proposal and programs are consistent with the spirit of the 2006 Act. The Company recognizes that the parties have differing interpretations of the numerous statutory provisions in the 2006 Act addressing energy affordability and that jurisdictional issues over these matters exist as well. The Procedural Schedule established early in this docket provides for a maximum of three days for an evidentiary hearing. The Company recommends that the Commission schedule a technical session on the first day of the scheduled hearing days to address some of the legal and other issues raised by the filings, prior to the evidentiary hearing.

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,



Laura S. Olton

cc: Docket 3804 Service List
Paul Roberti, Esq.
Steve Scialabba, Division

Certificate of Service

I certify that a copy of the cover letter and materials accompanying this certificate were mailed or hand-delivered to the individuals listed below.



Date: April 5, 2007

Joanne M. Scanlon
 National Grid

Docket 3804 – National Grid – Affordable Energy Plan Service List as of 1/10/07

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