

October 25, 2007

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: Docket 3859 – Distribution Adjustment Clause 2007
Responses to Commission Data Requests – Set 1

Dear Ms. Massaro:

Enclosed please find ten (10) copies of National Grid's response to Commission Data Request 1-8. This concludes the Company's responses to the Commission's first set of data requests in this proceeding.

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

Enclosures

cc: Docket 3859 Service List

Commission Data Request 1-8

Request:

Employee Pensions and Benefits—expense account 926—amounted to \$17.2 million for fiscal year 2007 and \$16.3 million for fiscal year 2006.

- (a) Provide a summary comparison of the component costs/ benefits for fiscal years 2007 and 2006.
- (b) Provide the reasons for any significant changes in the cost of pensions or benefits for individual items within account 926.

Response:

- (a) A summary comparison of the component costs/ benefits of Employee Pensions and Benefits (expense account 926) for fiscal years 2007 and 2006 is shown below.

FERC ACCOUNT 926 DETAIL
TWELVE MONTHS ENDED JUNE 30,

	<u>2007</u>	<u>2006</u>	<u>Variance</u>	
Pension	6,389,451	4,258,641	2,130,810	(1)
Healthcare / Dental	4,170,898	6,355,077	(2,184,179)	(2)
FAS 106 / 112	3,852,456	1,814,188	2,038,268	(3)
Thrift Plan (401 (k) plans)	1,352,975	1,422,479	(69,504)	
Labor related costs*	640,938	1,016,055	(375,117)	(4)
Incentive Accrual	260,242	1,120,570	(860,328)	(5)
Life Insurance	210,863	260,612	(49,749)	
Other – Miscellaneous	351,409	81,689	269,720	(6)
Total	17,229,234	16,329,311	899,923	

* Relates primarily to payroll for HR-related functions, employee sick pay and educational aid reimbursements.

- (b) The primary drivers for the net increase in Employee Pensions and Benefits are:
 - (1) The increase in pension expense is due largely to an adjustment recorded by Southern Union in the FY 2007 period which was intended to true-up the pension liabilities and associated expense in conjunction with the sale of its regulated gas assets in Rhode Island to National Grid. Changes in actuarial assumptions used in the valuation of pensions and changes in the manner in which capitalized benefits and corporate allocations are reflected pre- and post-acquisition also impact the results.

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate were hand-delivered, electronically transmitted and delivered via U.S. Mail to the individuals listed below on October 25, 2007.



Joanne M. Scanlon
National Grid

Docket No. 3859 – National Grid – Annual Distribution Adjustment Clause Filing (“DAC”) - Service List as of 9/12/07

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