

December 3, 2007

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: Docket 3902 – 2008 Electric Retail Rates Filing
Response to Wiley Center Data Requests – Set 1

Dear Ms. Massaro:

Enclosed please find ten (10) copies of National Grid's¹ responses to the first set of data requests issued by the Wiley Center on November 27, 2007, in the above-captioned 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

cc: Docket 3902 Service List

¹ Submitted on behalf of Narragansett Electric, d/b/a National Grid.

Certificate of Service

I hereby certify that a copy of the cover letter and / or any materials accompanying this certificate have been hand-delivered, electronically transmitted, or mailed to the individuals listed below.



Joanne M. Scanlon
National Grid

December 3, 2007
Date

Narragansett Electric d/b/a National Grid
Annual Reconciliation Rate Filing – Docket No. 3902
Service list as 12/4/07

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Wiley Data Request 1-1

Request:

The proposed credit for 2008 is .158¢ per kWh less than the credit for 2007.
Please explain why.

Response:

The low income per kWh credits for 2007 and 2008 were calculated by dividing \$2 million by the Company's estimate of initial block kWhs for each year. The Company's initial block kWh estimate for 2008 is higher than the estimate for 2007, therefore, the per kWh credit proposed for 2008 is lower than the credit calculated for 2007.

Wiley Data Request 1-2

Request:

Please describe the method used to forecast Rate A-60 initial block kWh deliveries for 2008.

Response:

The initial block kWh deliveries for 2008 are estimated by multiplying the forecasted 2008 total kWh deliveries for Low Income Rate A-60 by the ratio of initial block kWhs deliveries for the period October 2006 through September 2007 to total kWhs deliveries for the same twelve month period. The Company annually updates its forecast of number of bills and total kwh deliveries for each rate class based on econometric models relating the Company's kWhs deliveries and customer counts to economic/demographic variables, weather variables and other explanatory variables affecting the demand for electricity.

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Wiley Data Request 1-3

Request:

How many Rate A-60 initial block kWh deliveries were made in 2006?

Response:

Rate A-60 initial block kWhs deliveries for the period January 2006 through December 2006 were approximately 161.4 million.

Wiley Data Request 1-4

Request:

How much low income credit was given to customers *in toto* in 2006?

Response:

The response assumes that the “low income credit” referred to in the above request means the low income credit of 1.24¢ per kWh effective January 1, 2006 approved by the Commission in Docket No. 3710. The total amount credited to customers taking service on Low Income Rate A-60 pursuant to this low income credit for calendar year 2006 was \$2,000,869. (See Schedule JAL-11, page 4 of 4)

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Wiley Data Request 1-5

Request:

How many Rate A-60 initial block kWh deliveries were made in 2005?

Response:

Information pertaining to initial block kWh deliveries for 2005 is not readily available. The Company has been tracking kWhs by block only since Jan 2006 when the low income credit was approved by the Commission in Docket No. 3710.

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Wiley Data Request 1-6

Request:

How much low income credit was given to customers *in toto* in 2005?

Response:

The response assumes that “low income credit” referred to in the above request means the low income credit originally proposed by the Company in Docket No. 3710 which was to be an annual credit of \$2 million each year for four years. The initial credit of 1.24¢ per kWh was approved by the Commission in that docket for bills rendered on and after January 1, 2006. Therefore, there was no credit given to customers during 2005 pursuant to this provision.

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Wiley Data Request 1-7

Request:

How many Rate A-60 initial block kWh deliveries were made in November, 2007?

Response:

Rate A-60 initial block kWh deliveries for November 2007 were 10,450,101.

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Wiley Data Request 1-8

Request:

How many Rate A-60 initial block kWh deliveries does National Grid forecast will be made in December 2007?

Response:

The Company estimates that initial block kWh deliveries for December 2007 will be approximately 15.9 kWhs. The estimate is calculated by multiplying the Company's forecast of total kWhs deliveries for December 2007 for Rate Class A-60 by the ratio of initial block kWhs to total kWhs for the month December 2006.

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Wiley Data Request 1-9

Request:

How much low income credit was given to customers in November 2007?

Response:

The response assumes that the “low income credit” referred to in the above request means the low income credit of 1.306¢ per kWh effective January 1, 2007 approved by the Commission in Docket No. 3788. The total amount credited to customers taking service on Low Income Rate A-60 pursuant to this low income credit for November 2007 was \$136,478.

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Wiley Data Request 1-10

Request:

How much low income credit does National Grid forecast giving to customers in December 2007?

Response:

The response assumes that the “low income credit” referred to in the above request means the low income credit of 1.306¢ per kWh effective January 1, 2007 approved by the Commission in Docket No. 3788. Based on the kWh deliveries calculated in the response to Wiley Data Request 1-8, the Company estimates that approximately \$207,600 will be credited in December 2007.

Wiley Data Request 1-11

Request:

What was National Grid's forecast of Rate A-60 initial block deliveries in each year for 2005, 2006 and 2007, and how did that forecast compare with the deliveries which actually ensued?

Response:

There was no forecast of initial block kWhs for 2005. For 2006, 2007 and 2008 the initial block kWhs were estimated for the purpose of calculating the low income credit proposed in dockets 3710, 3788 and the current docket, 3902. The initial block kWhs as estimated in dockets 3710 and 3788, and the actual initial block kWhs delivered, for 2006 and 2007 are as follows:

	<u>Estimated</u>	<u>Actual</u>
2006	161,161,125	161,360,377
2007	153,122,005	141,728,078 (through November 2007)

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Wiley Data Request 1-12

Request:

How much interest income is currently in the low income account?

Response:

For the period November 2005 through October 2007, \$570,442 of interest has accrued on the residual balance of the initial \$8 million set aside to fund the proposed four-year low income credit.

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Wiley Data Request 1-13

Request:

Does National Grid propose to dispense any of that interest income in 2008? If not, why not?

Response:

The Company is not proposing to utilize any of the accrued interest in the calculation of the proposed 2008 low income credit. Accrued interest will be retained in the account in order to ensure that funds are available to offset any amounts over-credited to customers in any year that the low income credit is in effect. The Company will proposed a plan, subject to the Commission's approval, to disburse any amount remaining in the account in the annual reconciliation filing that occurs after the final reconciliation of the final year's credit.

Wiley Data Request 1-14

Request:

National Grid is currently providing assistance to low-income customers in the amount of \$25 per \$100 of LIHEAP subsidy. Please state how much such assistance National Grid, or Narragansett Electric, has provided in each year from 1995 to the present. Please describe the amount of this assistance two ways for each year:

- as a dollar amount per amount of LIHEAP subsidy received by each customer; and
- as a total amount expended by National Grid or Narragansett Electric for all such assistance provided in that year to low-income customers.

Response:

It is important to understand that the low income programs available to electric service and gas service customers are distinctly different. For gas service customers, National Grid provides \$1,585,000 of annual supplemental LIHEAP funding. This level of funding was approved by the Commission as part of the Company's last gas rate case and is collected from all customers as part of base rates. The dollar amount of the subsidy provided to an individual customer who receives a LIHEAP grant is calculated at the start of each heating season in collaboration with the State Office of Energy Resources (OER) and is based on a percentage match of the State LIHEAP grant. Factors affecting the LIHEAP match percentage are the total projected federal LIHEAP funds, OER's projected average LIHEAP customer grant, and the projected number of gas service customers receiving the grant. Any unapplied supplemental funds from one year are carried over and made available the next year.

For low income electric service customers taking service on Rate A-60, a discount from the regular residential rates is provided through the distribution customer and per kWh charges. The Rate A-60 charges were designed to provide a discount of approximately 50% from the Regular Residential Rate A-16 distribution charges. In addition, in Dockets 3710 and 3788, the Commission approved additional credits of \$2 million per year that were applied during 2006 and 2007 as a per kWh credit applicable to the first 450 kWh consumed per month. In the current docket, the Company has proposed that another \$2 million be credited to Rate A-60 customers during 2008.

This data request references the Company's supplemental LIHEAP funding program provided to gas service customers. There is no supplemental LIHEAP funding provided by the Company for electric service customers. The Company applies LIHEAP funds to electric service customer accounts as directed by OER.

Wiley Data Request 1-15

Request:

What would be the anticipated cost in 2008 of increasing this subsidy to:

- \$35 per \$100 of LIHEAP subsidy;
- \$40 per \$100 of LIHEAP subsidy;
- \$50 per \$100 of LIHEAP subsidy.

Please state the cost of the increase only, not the total cost of the subsidy.

Response:

See the response to Wiley Data Request 1-14.

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Wiley Data Request 1-16

Request:

What would be the impact on electric rates if the costs described answer 1-15 were absorbed into electric rates?

Response:

See the response to Wiley Data Request 1-14.

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Wiley Data Request 1-17

Request:

The low income account is currently holding \$4,894,001 according to JAL-11, page 1. What does National Grid propose to do with the amount this account is holding (\$894,000) that is over and above the amount originally anticipated for this account at this time (\$4,000,000)?

Response:

See the response to Wiley Data Request 1-13.