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December 7, 2007

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

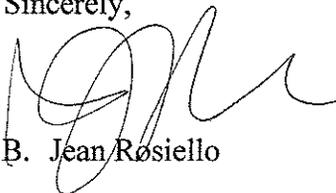
Re: Docket No. 3902 – National Grid Rate Filing

Dear Luly:

I enclose the original and nine copies of the *Position of the George Wiley Center* and three copies of the *George Wiley Center's Second Data Request to National Grid*.

Thank you.

Sincerely,



B. Jean Rosiello

cc: Service List by Email

STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION

IN RE: NARRAGANSETT ELLECTRIC :
d/b/a NATIONAL GRID ANNUAL RETAIL : Docket No. 3902
RATE FILING :

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POSITION OF THE GEORGE WILEY CENTER

Introduction

National Grid's proposal inflicts a double whammy on low income Rhode Islanders. It simultaneously seeks a 5.2% increase in rates and a 12% decrease in the low income credit. Higher rates, less relief. Such an approach is difficult to justify in today's economy. It is hardly news to any party to this proceeding that incomes have lagged far behind increases in utility costs. The price of electricity has increased 34% since 2002. The price of natural gas is up 25% in the last five years. Home heating oil is projected to increase 25% this year alone.

The General Assembly has declared as much as a matter of state policy. "[E]nergy costs have been rising sharply while the incomes of low income households have been declining with the result that energy costs are a substantial and growing hardship." G.L. § 42-141-1(a). The General Assembly's effort to help alleviate this hardship using public money (as Massachusetts has done recently) proved unavailing as a result of the budget crisis last year.

The Wiley Center therefore asks that the Commission deny National Grid's request for a 5.2% rate increase. It also asks that the Commission use the low income credit account less begrudgingly than National Grid has proposed. Instead of decreasing the credit by 12% as proposed by National Grid, the Wiley Center urges the Commission

to increase the income credit to the maximum possible by using the interest income of \$570,000 currently in the low income account in addition to the \$2 million originally earmarked for use in 2008. The Wiley Center will address each of these points *seriatim*.

Rate Increase

The Wiley Center has neither the resources nor the expertise to address National Grid's rate increase proposal in detail. It is acutely aware, however, that Rhode Island families have had to absorb increasing costs on their families' bottom lines for years even though they lack the resources to do so. As a result, terminations for non-payment have climbed every year. In 2007, they reached an all time high of nearly 30,000.

National Grid does not lack resources. According to The Trading Institute, National Grid's operating profits in the first half of 2007 were up 19% as compared with 2006. *See, The Trading Institute*, November 16, 2007 (attached). Its pre-tax profits were 21% higher in 2007 than in 2006. *Id.* It would not be inappropriate for National Grid to absorb some increasing costs, just as Rhode Island families have done for years.

Low Income Credit

National Grid proposes a low income credit of 1.148 cents per kWh in 2008. *See* Testimony of Jeanne A. Lloyd (JAL Testimony), page 22; JAL-11. page 3. This represents a 12% decrease the amount of credit per kWh given last year, which was 1.306 cents per kWh. *Id.*

National Grid says that it proposed this decrease because it anticipates that A-60 initial block kWh deliveries in 2008 will be higher in 2008 than they were in 2007. When the available \$2 million pool of funds is divided by the increased number of

anticipated deliveries, the amount of credit available per delivery is less in 2008 than it was in 2007. JAL-11, page 3.

The pool of money in the low income account is not limited to \$2 million, however. The accumulated interest in the account as of October, 2007 amounts to \$570,000. *See* National Grid Response to Wiley Data Request 1-12. The account continues to accumulate interest at the rate of approximately \$19,000 per month. *See* JAL-11, page 1.

Given the difficult, even dire, economic times for low income Rhode Islanders, the Wiley Center strongly urges that this money be made available now to alleviate immediate hardship. If this money were used in 2007, the low income credit would be 1.475 cents per kWh (a 13% increase)¹, rather than the 1.148 cents per kWh (a 12% decrease) that National Grid has proposed.

National Grid says it plans to save this interest in order to ensure that funds are available to offset any amounts over-credited in any year that the credit is in effect. National Grid Response to Wiley Center Data Request 1-13. While may be one consideration, it is a consideration that is trumped, decisively, by other more compelling concerns:

- Low income Rhode Islanders, including working Rhode Islanders, are suffering, and will continue to suffer, from lack of resources to pay the increasing cost of utilities. The situation is extreme.
- Terminations for nonpayment are at an historic all-time high.

¹ This figure is based on a telephone conversation with Jeanne A. Lloyd. The Wiley Center will submit a Data Request to confirm it.

- \$570,000 is an unreasonably large (and growing) sum to hold back for such a purpose.
- National Grid has a history of forecasting the low income credit with considerable accuracy. *See* National Grid Response to Wiley Data Request 1-11. It is wildly unlikely that anything like \$570,000 will be needed for “over-credit.”
- The low income account continues to generate interest. At its current level, it is generating about \$19,000 per month. JAL-11, page 1. Even if the entire \$570,000 of interest currently in the account were used in 2008, there would still be interest income generated in the future to cover any future “over-credit.”

We are often told that relief for low income customers should not come at the expense of other ratepayers. This is an opportunity to provide such relief. The Wiley Center respectfully asks that the Commission take that opportunity.

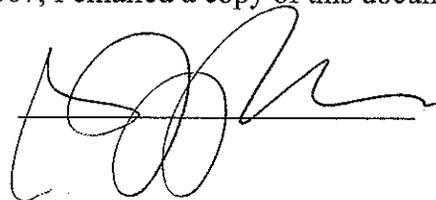
Respectfully submitted,
The George Wiley Center
By its attorney,



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CERTIFICATE OF SERVICE

I certify that on the 7th day of December, 2007, I emailed a copy of this document to all parties on the service list for this docket.





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STOCK NEWS

National Grid H1 profits up 19%

Friday, November 16, 2007; Posted: 10:19 AM

Nov 16, 2007 (Datamonitor via COMTEX) -- [NGG](#) | [charts](#) | [news](#) | [PowerRating](#) -- National Grid has reported an operating profit of GBP1 billion in the first half of 2007, up 19% compared to GBP0.8 billion for H1 2006.

The company reported pre-tax profit of GBP0.7 billion, up 21% compared to GBP0.6 billion in H1 2006.

The board has approved an interim dividend of 11.7p per ordinary share, or \$1.22 per American depository share (ADS), representing a 7% increase in the half-year dividend, in sterling.

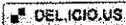
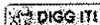
Steve Holliday, CEO of National Grid, said: "National Grid continues to make significant progress. We are delivering on all fronts of our strategy and have produced an excellent financial performance in this period. We have in place a strong management team that is developing a unique global operating model.

"Our growth prospects are positive, given the diversity of our regulatory settlements and our plans for investment in our current business. I believe we have a great platform to deliver further improvements in [customer](#) service, reliability, safety and environmental performance and continue to deliver value for our shareholders."

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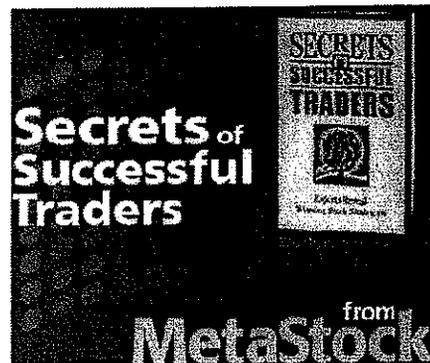


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**GEORGE WILEY CENTER'S SECOND DATA
REQUEST TO NATIONAL GRID**

2-1 Please state the amount of credit per kWh (applicable to the first 450 kWhs consumed per month) that National Grid would be able to provide if it could access \$2,570,000 from the low income account in 2008, *i.e.*, if it could use both the \$ 2 million allocated for 2008 and the \$570,000 in interest which was in the low income account as of October, 2007 (see National Grid's response to Wiley Data Request 1-12).