

STATE OF RHODE ISLAND  
PUBLIC UTILITIES COMMISSION

IN RE: NATIONAL GRID GAS --  
APPLICATION TO IMPLEMENT NEW  
RATES

Docket No. 3943

**REQUESTS FOR ADMISSION OF  
CONSERVATION LAW FOUNDATION  
DIRECTED TO NATIONAL GRID**

Pursuant to Public Utility Commission Rule of Practice and Procedure 1.18(a)(2) and Superior Court Rule of Civil Procedure 36, Conservation Law Foundation hereby propounds the following Requests for Admission to National Grid (NGrid). Pursuant to the applicable Rules, NGrid is respectfully requested to admit or deny the following within 30 days.

Requests for Admission

Part I: General Background

1. On or about April 1, 2008, NGrid transmitted to the PUC certain materials in response to which the PUC opened this docket, Docket No. 3943.
2. One of the matters addressed in Docket 3943 is a gas-distribution rate increase.
3. Another one of the matters addressed in Docket 3943 is revenue decoupling (decoupling).

## Part II: Gas-Distribution Rate Increase

4. NGrid's total annual revenue requirement included in Docket 3943 is comprised of recovery of projected operating expenses and a return on approximately \$285 million of investments in the gas delivery system, or rate base.

5. With regard to the gas-distribution rate increase, NGrid is seeking to recover an annual revenue deficiency of approximately \$20.04 million based on an aggregate annual revenue requirement of \$150 million and current revenues of \$130 million.

6. NGrid's profitability from gas-distribution charges is measured by the "Return on Equity" (ROE), a component of NGrid's overall rate of return on rate base.

7. NGrid's rate of return for the normalized test year ended September 30, 2007 was 4.5%.

8. NGrid's requested rate of return going forward contained in Docket 3943 is 9.27%.

## Part III: Decoupling

9. NGrid's gas decoupling proposal is designed to facilitate the expansion of NGrid's gas efficiency programs.

10. NGrid's gas decoupling proposal is designed to, among other things, facilitate the expansion of NGrid's gas efficiency programs by removing a disincentive that now exists for NGrid to expand those efficiency programs.

11. In fact, decoupling is an essential element moving forward to successful implementation of gas-efficiency programs.

#### Part IV: Gas-Distribution Rates and Decoupling

12. NGrid's proposal for a gas-distribution rate increase presents a different public policy issue (which will be decided based on a different factual record) than NGrid's proposal for decoupling, although both issues are addressed in Docket 3943.

13. It would be possible to have a gas-distribution rate increase without decoupling.

14. The PUC could effect a gas-distribution rate increase by approving a total revenue requirement greater than NGrid's current recoveries of \$130 million.

15. It would also be possible to have a gas-distribution rate increase with decoupling.

16. Similarly, it would be possible to have a gas-distribution rate decrease either with or without decoupling.

17. The PUC could effect a gas-distribution rate decrease by approving a total revenue requirement less than NGrid's current revenues of \$130 million.

18. The reason that the preceding five paragraphs are all true is that NGrid's proposed gas-distribution rate increase presents a different public policy issue (that will be decided based on a different factual record) than NGrid's decoupling proposal.

19. NGrid's profitability will be affected by the Commission's determinations on the proper level of recoverable expenses and allowed rate of return.

20. In contrast, decoupling is aimed at removing a disincentive to achieving greater gas efficiency.

CONSERVATION LAW FOUNDATION,  
by its Attorney,



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CERTIFICATE OF SERVICE

I hereby certify that, pursuant to PUC Rule of Practice and Procedure 1.7(a), an original and nine copies of the within Requests for Admission were hand-delivered to Luly Massaro, Commission Clerk, Public Utilities Commission, 99 Jefferson Blvd., Warwick, RI 02888. In addition, a hard copy was hand delivered to Mr. Thomas F. Ahearn, Administrator, Division of Public Utilities, 99 Jefferson Blvd., Warwick, RI 02888. In addition, hard copies of the within Motion were sent by first-class mail, postage prepaid to each of:

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| Thomas R. Teehan, Esq.<br>National Grid.<br>280 Melrose St.<br>Providence, RI 02907 |
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| Cheryl M. Kimball, Esq.<br>Keegan Werlin LLP<br>265 Franklin Street<br>Boston, MA 02110 |
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| Paul Roberti, Esq.<br>Dept. of Attorney General<br>150 South Main St.<br>Providence, RI 02903 |
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In addition, electronic copies were transmitted to all of the persons on the PUC's updated service list for this Docket, as transmitted by the PUC Clerk on July 7, 2008. I hereby certify that all of the foregoing was done on the 15<sup>th</sup> day of July 2008.

