

July 11, 2008

VIA HAND DELIVERY & ELECTRONIC MAIL

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

**RE: Docket 3943 – National Grid Request for Change of Gas Distribution Rates
 Responses to Division Data Requests – Set 10**

Dear Ms. Massaro:

Enclosed please find ten (10) copies of National Grid's¹ responses to the tenth set of data requests issued by the Rhode Island Division of Public Utilities and Carriers ("Division") in the above-captioned proceeding on June 20, 2008.

Thank you for your attention to this transmittal. If you have any questions, please feel free to contact me at (401) 784-7667.

Very truly yours,

A handwritten signature in blue ink, appearing to read "T. Teehan", is written over a faint, larger blue ink signature that appears to read "Thomas R. Teehan".

Thomas R. Teehan

Enclosures

cc: Docket 3943 Service List

¹ The Narragansett Electric Company d/b/a National Grid ("Company").

Certificate of Service

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

/S/
Linda Samuelian

July 11, 2008
Date

**National Grid (NGrid) – Request for Change in Gas Distribution Rates
Docket No. 3943 - Service List as of 7/7/08**

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Division Data Request DIV 10-1

Request:

On NR-PRM-11 of Mr. Moul's direct testimony he includes a cost of long-term debt rate of 7.99% in his overall cost of capital calculation.

- a. Please provide a copy of all source materials used by Mr. Paul Moul to support the 7.99% cost of long-term debt;
- b. Please provide all work papers used by Mr. Moul to justify his use of the 7.99%; and,
- c. If Mr. Moul's source is the company or another witness please provide the sources and work papers used by each of Mr. Moul's sources.

Response:

The Company provided Mr. Moul with the 7.99% cost of long-term debt that he used in his overall cost of capital calculation. Please see Attachment DIV-10-1 for a copy of the work papers prepared by the Company calculating the 7.99% cost rate.

National Grid Rhode Island - Gas**LTD Balances as of 9/30/2007**

	Balance	Rate	Maturity Date
Providence Gas FMB M (sinking fund \$273K each yr)	\$271,000	10.250%	31-Jul-08
Providence Gas FMB S	\$14,464,000	6.820%	1-Apr-18
Providence Gas FMB N	\$10,000,000	9.630%	30-May-20
Providence Gas FMB O	\$12,500,000	8.460%	30-Sep-22
Providence Gas FMB P (sinking fund \$625K each yr)	\$10,000,000	8.090%	30-Sep-22
Providence Gas FMB R (sinking fund \$750K each yr)	\$14,250,000	7.500%	15-Dec-25
Providence Gas FMB T (\$13,462K redeemed 2/15/07)	-	6.500%	1-Feb-29
Total	\$61,485,000	7.99%	

Average LTD Rate for Year Ended 9/30/2009

	Avg Balance	Rate
Providence Gas FMB M (sinking fund \$273K each yr)	\$0	10.250% Annual Sinking Fund payable 7/31
Providence Gas FMB S	\$14,464,000	6.820%
Providence Gas FMB N	\$10,000,000	9.630%
Providence Gas FMB O	\$12,500,000	8.460%
Providence Gas FMB P (sinking fund \$625K each yr)	\$8,750,000	8.090% Annual Sinking Fund payable 9/30
Providence Gas FMB R (sinking fund \$750K each yr)	\$12,904,110	7.500% Annual Sinking Fund payable 12/15
Providence Gas FMB T (\$13,462K redeemed 2/15/07)	\$0	6.500%
Total	\$58,618,110	7.99%

Division Data Request DIV 10-2

Request:

On NR-PRM-11 of Mr. Moul's direct testimony he shows a recommend cost of short-term debt of 4.59%.

- a. Has National Grid's cost of short-term debt changed since Mr. Moul filed his testimony?
- b. What is National Grid's current cost of short-term debt?
- c. How is National Grid's cost of short-term debt calculated? And,
- d. If National Grid's cost of short-term debt is calculated differently from different sources please provide how National Grid's short-term debt rate is calculated for all sources.

Response:

- a. Yes. National Grid's cost of short-term debt has changed since Mr. Moul filed his testimony.
- b. National Grid's current cost of short-term debt borrowed from the money pool is 2.58%.
- c. National Grid's cost of short-term debt borrowed from the money pool is equal to the higher of:
 - (1) The monthly average of the rate for high grade 30-day commercial paper sold through dealers by major corporations as published in the Wall Street Journal; or
 - (2) The monthly average of the rate available to money pool depositors from an eligible investment in readily marketable money market funds or the existing short-term investment accounts maintained by money pool depositors or its agent during the period in question.
- d. See the response to item (c) above.