

August 20, 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 Commission Data Requests**

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Dear Ms. Massaro:

Enclosed please find eight (8) copies of National Grid's<sup>1</sup> responses to the Commission's first set of data requests issued in the above-referenced proceeding. The Company is also submitting a response to Data Request DIV 12-8. Attached is a listing of the outstanding data requests for which the Company has not yet provided a response. The Company is endeavoring to file these responses as soon as possible. Also, please note there are no confidential exhibits or responses in this filing.

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,



Thomas R. Teehan

Enclosures

cc: Docket 3943 Service List

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

Outstanding Responses to Information Requests as of August 20, 2008

Data Request DIV-5-8  
Data Request DIV-5-42  
Data Request DIV-7-6  
Data Request RIH-JS-3  
Data Request COMM 1-1  
Data Request COMM 1-18  
Data Request COMM 1-19  
Data Request COMM 1-20

### 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

August 20, 2008  
Date

**National Grid (NGrid) – Request for Change in Gas Distribution Rates  
Docket No. 3943 - Service List as of 8/19/08**

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Data Request COMM 1-7

Request:

Describe all wage and benefit changes that have taken effect since the rate year, and all other changes that are scheduled to take effect subsequent to the rate year as a result of outstanding labor contracts.

Response:

Please see the table below summarizing wage changes associated with the Company's two labor agreements between the test year and rate-year periods.

<b>Union Local</b>	<b>Month of Annual Increase</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>Contract Expiration</b>
USW 12431-01	May	3%	3%	3%	May 21, 2010
UWUA 310B	April	4%	3%	3%	March 31, 2010

In addition to the above-listed wage increases, employees of USW 12431-01 received an early signing bonus of \$900 per employee in connection with the May 2007 collective bargaining agreement.

For the UWUA 310B, actual wage adjustments varied in April 2008 by job classification for the 54 UWUA members to compensate for negotiated work process changes and classification changes, as well as major changes in healthcare contribution rates resulting from moving from a fixed rate plan to an actual cost-based program. Phased-in employee healthcare contribution rate changes are reflected in the table below. These employee contribution amounts will subsequently be adjusted upward or downward following an annual true-up of estimated healthcare costs to actual claims experience (performed on a two year lagging basis).

<b>Date of Rate Change</b>	<b>Type of Healthcare Plan</b>		
	<b>Single</b>	<b>Employee +1</b>	<b>Family</b>
2008	\$7.00/week	N/A	\$13.00
07/01/08	\$15.00/week	N/A	\$25.00/week
01/01/09	\$20.00/week	\$55.00/week	\$55.00/week
1/01/10	Rates per actual cost inclusive of 2008 True-up		

In addition to the changes in employee healthcare contribution rates, the 2008 UWUA contract resulted in significant increases in employee prescription drug co-pays, removal of a vision benefit rider, and the institution of an additional weekly employee co-pay for dental care.

Data Request COM 1-9

Request:

Please explain the Group Insurance employee benefit that is funded at the level of \$185,000 for the rate year. In the response, state if this is a continuing benefit that Southern Union had provided to its employees.

Response:

Group Insurance costs include life insurance premiums paid to the Company's carrier, MetLife, which represent payments for both the Company's union and management employees. The union benefit, per collective bargaining agreements, provides a flat dollar amount of coverage, while the management benefit provides a multiple of salary as the coverage level. Also provided under the life insurance umbrella is Accidental Death and Dismemberment (AD&D) coverage, which is provided in concert with the life insurance benefit structure.

The second component of Group Insurance costs represents the claims and administrative costs for the Company's disability programs, which are administered by Matrix Absence Management. This includes the long-term disability program provided under collective bargaining agreements, as well as short- and long-term disability benefits for the management population. Both the union long-term disability benefit and the management short- and long-term disability benefits are income replacement programs, providing a percentage of salary while disabled.

For union employees, the benefits are a continuation of those provided by Southern Union, as they are collectively bargained benefits. At the time of the acquisition of New England Gas by National Grid, all management benefits offerings were aligned to be identical to those offered to all National Grid non-union employees.



Data Request COMM 1-14

Request:

What is the unamortized cost of the legacy information system at September 30, 2008?

Response:

The unamortized cost of the legacy information system at September 30, 2008 will be \$870,864. This amount is excluded from rate base per pages 12 and 13 of the Extension Settlement Agreement in Docket No. 2581.

Data Request COMM 1-15

Request:

What is the annual amortization charge for the legacy information system and the remaining recovery period after September 30, 2008?

Response:

The annual amortization charge for the legacy information system is \$133,979. Although this amount is recoverable through the cost of service per pages 12 and 13 of the Extension Settlement Agreement in Docket No. 2581, it should be noted that this amount was inadvertently excluded from the test year and rate year cost of service in the Company's rate case filing. The legacy information system will be fully amortized as of March 31, 2015.

Data Request COMM 1-17

Request:

Are all customer service activities now performed by Service Company personnel?

Response:

With the exception of approximately five (5) employees performing Transportation Billing activities, and who are part of the voluntary severance or voluntary early retirement programs, all customer service activities have been transferred from the former gas operations to the Service Company.

Data Request COMM 1-22

Request:

What is the status of AMR replacement program in the former Valley Gas service area? Please provide information on the estimated cost, the estimated start and finish dates for the meter replacement program, and other pertinent information.

Response:

The estimated cost of the AMR program is \$4.6 million. It is anticipated that the project timeline will require six months for completion, with a start date of July 2008 and completion by the end of December 2008.

This work will take place in Cumberland, Warren and Bristol. The Company anticipates that customers in these areas will benefit by a 25% improvement in the meter read rate, which will reduce the number of estimated bills issued by the Company and will improve billing accuracy.

Division Data Request DIV 12-8

Request:

Re: the Company's response to data request DIV 5-38.d, please provide number and average installed cost of ERT units installed during calendar year 2007 and in each of the two prior calendar years.

Response:

The number and average installed cost of ERT units during calendar year 2007 and the two prior years are as follows:

<b>Year</b>	<b>Number Installed</b>	<b>Average Cost</b>
2007	19,630	\$42.46
2006	20,280	\$41.91
2005	6,920	\$39.09

The change in average cost over the three-year period is a function of (1) the proportion of commercial versus residential units purchased during the year (i.e., \$58.88 for commercial versus \$40 for residential); and (2) the cost of a new unit is different than the cost of a replacement (i.e., \$40 for new versus \$38 for replacement).