

July 9, 2008

VIA HAND DELIVERY & ELECTRONIC MAIL

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

**RE: Docket 3961 – National Grid Interim Gas Cost Recovery
Responses to Evidentiary Hearing Record Requests**

Dear Ms. Massaro:

Enclosed please find ten (10) copies of National Grid's responses to Record Requests 1 and 2 that were issued at the Commission's evidentiary hearing held on July 8, 2008, in the above-captioned proceeding.

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 3961 Service List
Paul Roberti, Esq.
William Lueker, Esq.
Steve Scialabba, Division

Record Request 1-01

Request:

On Attachment PCC-2, page 11, line 2, what is the equity return component of the 9.13% cost of capital.

Response:

The 9.13% cost of capital is based on the following:

| | Rate | % | Weighted |
|------------|--------|--------|----------|
| Short term | 5.30% | 8.80% | 0.466% |
| Long term | 7.82% | 45.70% | 3.574% |
| Preferred | 9.93% | 1.90% | 0.189% |
| Common | 11.25% | 43.60% | 4.905% |
| | | 100% | 9.134% |

Record Request 1-02

Request:

Please provide a table similar to that provided by National Grid in the Standard Offer Docket No. 3960, showing alternative rate options and the resulting deferred account balances.

Response:

Please see the following:

| | Current Rate assuming Gas Costs in May 23rd filing (a) | 16-mth GCR rate Proposed in May 23rd Filing (b) | Current Rate assuming Updated Gas Costs (c) | 16 mth May 23rd GCR rate using updated gas costs (d) |
|--|---|--|---|---|
| (1) GCR Rate Alternatives for July 15, 2008 (\$ per therm) | \$1.0844 | \$1.2429 | \$1.0844 | \$1.2429 |
| (2) Deferral Balance @ 10/31/08 [under/(over)] (million \$) | \$9.3 | \$4.5 | \$10.8 | \$6.1 |
| (3) Deferral Balance @ 10/31/09 [if no rate change on 11/1/08] (million \$) | \$47.6 | \$0.1 | \$77.2 | \$29.7 |
| (4) Average monthly Residential Heat Customer Bill Increase (July 15th rate) | n/a | \$10.13 | n/a | \$10.13 |
| (5) % Increase on total bill | n/a | 10.0% | n/a | 10.0% |

Notes:

- May 23rd filing used 4-29-08 NYMEX pricing
- Updated Gas Cost rely on 6-30-08 NYMEX pricing