



State of Rhode Island and Providence Plantations

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*Patrick C. Lynch, Attorney General*

July 30, 2008

**VIA ELECTRONIC FILING**

Luly E. Massaro, Commission Clerk  
Public Utilities Commission  
89 Jefferson Boulevard  
Warwick RI 02889-1046

**Re: National Grid – Fuel Factor Tariff Filing**  
**Docket No. 3969**

Dear Ms. Massaro:

Attached please find the Division of Public Utilities & Carriers' Objection to National Grid's Request for Interim Rate Relief. Thank you for your attention to this matter.

Very truly yours,

Paul J. Roberti  
Assistant Attorney General  
Chief, Regulatory Unit

PJR/kz



caused by the unforeseen bankruptcy of two customers; the requirement of the elimination of this deficit prior to bond anticipation note (“BAN”) issuance; and that failure to obtain BAN financing would result in a “costly delay in a project of significant benefit to ratepayers.” Id. at 12-13. The high standard that must be satisfied in order for a utility to obtain interim rate relief is more rigorously applied to investor owned utilities. In Docket No. 3164, the Commission observed that if PWSB had been “an investor owned utility, the Commission might [have] require[d] the utility to absorb the increased costs of a delay,” even on the facts of that case. Moreover, a “self-created emergency” (e.g., “financial difficulties” that are known to the utility for some time) does not merit interim rate relief. Id. at 12, n. 41.

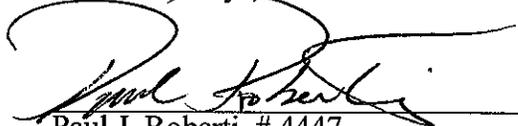
The Commission, again, cautioned against the “routine” granting of interim rate relief in In Re: Pawtucket Water Supply Bd. Motion for Interim Relief Regarding General Rate Application Filing, Docket No. 3497, Order No. 17466 (May 21, 2003). There, the Commission permitted PWSB to utilize IFR funds for certain O & M projects as the circumstances surrounding the need for PWSB’s request were caused by reasonably unforeseen events that were not caused by an error of PWSB. Id. at 4. In so holding, the Commission observed, “the standard for interim rate relief is much higher than for a request for interim relief that does not immediately affect rates.” Id. at 5.

In the pending docket, National Grid’s request does not satisfy the standard the Commission has established for the granting of interim rate relief. No “exigency” exists. That is, National Grid will not suffer *immediate* and *irreparable* harm between August 1, 2008 and the date that the Commission can issue a decision at Open Meeting on the merits of the pending docket (some time in late October, 2008). National Grid will not

incur cash flow problems that, "to a reasonable degree of certainty will jeopardize the utility's functioning," Pawtucket Water Supply Bd., Docket No. 3164, Order No. 16398 at 11. See also Woonsocket Water Dept. Application to Change Rate Schedules, Docket No 2099, Order 14307, 1 (August 27, 1993) (where operating shortfalls were such that utility could seek their amelioration by filing request for general rate relief, interim rate relief was not appropriate). Nor will any of its capital projects become materially more costly, id. at 13, if interim rates are not implemented on August 1, 2008. No legal basis exists to award National Grid interim rate relief in this docket. For the aforementioned reasons, National Grid's request for interim rate relief should be denied.

DIVISION OF PUBLIC UTILITIES  
AND CARRIERS

By its attorneys,



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**CERTIFICATE OF SERVICE**

I certify that a copy of the within Objection was forwarded by e-mail and by regular mail postage prepaid to the Service List in the above entitled docket on the 30<sup>th</sup> day of July, 2008.

