

February 26, 2010

VIA HAND DELIVERY & ELECTRONIC MAIL

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

**RE: Docket 4065-National Grid's Request for Change in Electric Distribution Rates
Amended Compliance Filing**

Dear Ms. Massaro:

On behalf of National Grid,¹ I am enclosing an original and nine copies of an Amended Compliance Filing in the above-referenced docket. The rates set forth in the Attachments will be applicable to electric deliveries occurring on and after March 1, 2010, subject to the recovery mechanism established by the Commission in Order Nos. 19711 and 19722, issued in this docket on July 16, 2009 and July 28, 2009, respectively.²

On February 18, the Company filed its Compliance filing in this matter ("Initial Compliance Filing"), which was based upon the Commission's rulings at the February 9, 2010 Open Meeting ("Open Meeting"). The Company is now filing an Amended Compliance Filing to make revisions to the cost allocations relating to line transformers and the A-60 credit. The Company has also made minor corrections to schedules contained in the initial compliance filing. Those revisions and corrections are described below.

1. Allocation of Line Transformers

At the Open Meeting, the Commission approved the cost allocation for costs associated with line transformers supported in Division witness Dale Swan's testimony. Mr. Swan recommended that line transformer investment (Acct. 368) and the associated O&M (Acct. 595) be allocated on the basis of the average of the class Non-coincident Peak ("NCP") vectors at primary and secondary voltages. In its Initial Compliance Filing, the Company incorrectly allocated costs associated with line transformers on the basis of class NCP at secondary voltage, rather than the average of NCP at primary and secondary voltage. The Company has revised its allocated cost of service study (Schedule NG-HSG-1 (C) – Amended) to reflect the Division's recommended line transformer allocation. This revision results in a decrease in the revenue responsibility of the residential (Rate A-16), small and medium commercial and industrial classes (Rates C-06 and G-02) and streetlighting classes and an increase in the revenue responsibility of the 200 kW (Rate G-02) and 3,000 kW (Rate G-62) demand classes.

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

² In Order Nos. 19711 and 19722, the Commission approved a recovery mechanism for the incremental amount of revenue the Company would have billed customers had rates been approved and in effect as of January 1, 2010. This recovery mechanism will be applied to customer bills in relation to electric deliveries occurring on and after March 1, 2010, as approved by the Commission at the Open Meeting.

2. Allocation of the A-60 Credit

In the Initial Compliance Filing, the Company allocated the Rate A-60 subsidy (including the additional \$900,000 credit approved by the Commission) to all other classes on a kWh basis. The Division's recommendation, which the Commission approved, was to allocate the subsidy to all other classes on the basis of final revenue responsibility prior to the Rate A-60 subsidy. The Company has revised the final revenue allocations to the classes shown on Schedule NG-HSG-4 (C) – Amended to reflect the Rate A-60 subsidy allocated on the basis of revenue responsibility.

In addition, to the above revisions to the Company's allocated cost of service study and resulting compliance distribution rates, the Company has made two other minor corrections to schedules contained in this Amended Compliance Filing. The Company has made a correction to the calculation of the distribution rate revenue of Schedule NG-HSG-4 (C) – Amended. In the Initial Compliance Filing, the Company did not reduce distribution rate revenue for the increase in Other Operating Revenue. This correction reduces the overall level of required base distribution rate revenue by approximately \$179,000. In addition, Schedule NG-HSG-9 (C) – Amended reflects a correction in the calculation of the compliance delivery revenue in the typical bill calculations for Rate G-62.

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

Enclosure

cc: Docket 4065 Service List
Leo Wold, Esq.
Steve Scialabba, Division

Certificate of Service

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



Joanne M. Scanlon

February 26, 2010
Date

**National Grid (NGrid) – Request for Change in Electric Distribution Rates
Docket No. 4065 - Service List as of 10/15/2009**

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Certificate of Service

**Docket No. 4041 National Grid – SOS and RES Procurement Plans
Service List Updated 8/31/09**

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Docket No. 4140
Service List Updated 1/13/10

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