

# Schacht & McElroy

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Luly Massaro, Clerk  
Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, RI 02888

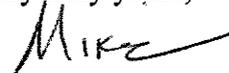
Re: National Grid  
Docket No. 4065

Dear Luly:

Enclosed are an original and nine copies of TEC-RI's responses to the Commission's Hearing Record Request 1 in this matter.

If you have any questions, please feel free to call.

Very truly yours,



Michael R. McElroy

MRMc:tmg  
cc: Service List

Commission Hearing Record Request 1 to TEC-RI

Request:

Comm RR-1 If the Commission were to eliminate back-up rates, what can we reasonably expect to see as far as additional new customer generation in future years?

Response:

In preparing this response, TEC-RI has relied on data provided in the Combined Heat & Power Installation Database maintained by Energy and Environmental Analysis Inc. ("EEA") and supported by the United States Department of Energy and Oak Ridge National Laboratory.

According to that database, since the last Narragansett Electric distribution rate case in 2004 (when the current backup rates were set), there have been an average of 400 kW of new combined heat & power customer generation installed in Rhode Island per year.

Mr. Farley's opinion is that an optimistic assumption is that installation capacity would double if the backup rates were eliminated. If such installations were to double after the removal of backup rates, that would mean that we could expect 800 kW per year of new combined heat & power customer generation.

Using a 75% availability factor for the generation, and the distribution demand charge of \$5.11 per kW-month from the Company's proposed B32 tariff, this would represent revenues foregone of approximately \$37,000 per year from that 800 kW of new generation added per year.