



State of Rhode Island and Providence Plantations

DEPARTMENT OF ATTORNEY GENERAL

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Patrick C. Lynch, Attorney General

July 23, 2010

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

Re: **REVIEW OF AMENDED POWER PURCHASE AGREEMENT BETWEEN
NARRAGANSETT ELECTRIC COMPANY D/B/A NATIONAL GRID AND
DEEPWATER WIND BLOCK ISLAND, LLC PURSUANT TO R.I. GEN. LAWS §
39-26.1-7-Docket No. 4185**

Dear Ms. Massaro,

Enclosed for filing with the Commission are an original and twelve (12) copies of the Responses of the Division of Public Utilities and Carriers to the Commission's Second Set of Data Requests in the above matter.

Thank you for your attention to this matter.

Very truly yours,

Jon G. Hagopian
Special Assistant Attorney General

cc: Service List (e-mail only)

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: REVIEW OF AMENDED POWER :
PURCHASE AGREEMENT BETWEEN :
NARRAGANSETT ELECTRIC COMPANY : DOCKET NO. 4185
D/B/A NATIONAL GRID AND DEEPWATER :
WIND BLOCK ISLAND, LLC PURSUANT :
TO R.I. GEN. LAWS § 39-26.1-7 :

**RESPONSES OF THE DIVISION TO THE COMMISSION'S
SECOND SET OF DATA REQUESTS
DIRECTED TO DIVISION OF PUBLIC UTILITIES**

- 2-1. Please provide the following response based on the assumptions discussed in Mr. Pasqualini's direct testimony wherein he claims that the unlevered rate of return is 10.5% (Pasqualini, p. 4). Please utilize the information provided in Exhibit 1 to Mr. Moore's Direct Testimony.
- a. Please provide the unlevered internal rate of return Mr. Hahn would calculate.

Response:

- 2-1. Using the capital outlays, revenues, and expenses provided in Exhibit 1 to Mr. Moore's Direct Testimony, an unlevered internal rate of return was calculated to be 10.7%.

Prepared by: Richard S. Hahn

- 2-2. Please provide the following response based on the assumptions discussed in Mr. Pasqualini's direct testimony wherein he projects a 17.8% after-tax return assuming 80% post ITC leverage (Pasqualini, p. 6). Please utilize the information provided in Exhibit 1 to Mr. Moore's Direct Testimony.
- a. Please provide the internal rate of return Mr. Hahn would calculate assuming 80% post ITC leverage.

Response:

- 2-2. The Division is without sufficient and complete financial data as to the underlying information relied upon by Deepwater to form the basis of its projected levered internal rate of return of 17.8% (Pasqualini Direct Testimony, at p.6) and would need more data to properly review this

calculation. A specific definition of the phrase “80% post ITC leverage” would be needed as it applies to the calculation of the 17.8% figure in Mr. Pasqualini’s testimony.

Prepared by: Richard S. Hahn & Division Staff

- 2-3. Please provide the following response based on the assumptions discussed in Mr. Pasqualini’s direct testimony wherein he projects a 13.5-16.0% after-tax return assuming 50-75% post ITC leverage. (Pasqualini, p. 6). Please utilize the information provided in Exhibit 1 to Mr. Moore’s Direct Testimony.
 - a. Please provide the internal rate of return Mr. Hahn would calculate assuming 50%-75% post ITC leverage.

Response:

- 2-3. The Division is without sufficient and complete financial data as to the underlying information relied upon by Deepwater to form the basis of its projected levered internal rate of return of 13.5-16.0% (Pasqualini Direct Testimony, at p.6) and would need more data to properly review this calculation. A specific definition of the phrase “50%-75% post ITC leverage” would be needed as it applies to the calculation of the 13.5-16.0% figures in Mr. Pasqualini’s testimony.

Prepared by: Richard S. Hahn & Division Staff

**National Grid – Review of Proposed Town of New Shoreham Project
Docket No. 4185 – Service List Updated 7/22/10**

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CERTIFICATION OF SERVICE

I hereby certify that on the 23rd day of July, 2010, that I transmitted an electronic copy of the within Data Responses to the attached service list and to Luly Massaro, Commission Clerk via electronic mail and regular mail.

