

September 30, 2010

**VIA HAND DELIVERY & ELECTRONIC MAIL**

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

**RE: Docket 4199 - 2010 Gas Charge Recovery Filing  
Responses to Division Data Requests (Set 1)**

Dear Ms Massaro:

Enclosed please find ten (10) copies of National Grid's responses to the Division's First Set of Data Requests in the above-captioned proceeding.

In this transmittal, the company is submitting responses to Division Data Requests 1-1 through 1-12, and 1-14 through 1-17. The response to Division Data Request 1-13 will be forthcoming.

Please be advised that the Company is seeking protective treatment of confidential information provided in response to Division Data Requests 1-9, as permitted by Commission Rule 1.2(g) and by R.I.G.L. §38-2-2(4)(i)(B).

Thank you for your attention to this filing. If you have any questions, please do not hesitate to contact me at (401) 784-7667.

Sincerely,

A handwritten signature in blue ink, appearing to read "T. R. Teehan", is written over a light blue horizontal line.

Thomas R. Teehan

Enclosures

cc: Leo Wold, Esq.  
Steve Scialabba  
Bruce Oliver

## Certificate of Service

I hereby certify that a copy of the cover letter and / or any materials accompanying this certificate has been electronically transmitted, sent via U.S. mail or hand-delivered to the individuals listed below.



\_\_\_\_\_  
Joanne M. Scanlon

October 1, 2010

Date

**Docket No. 4199 – National Grid – Annual Gas Cost Recovery Filing  
("GCR") - Service List as of 9/3/10**

| <b>Name/Address</b>   | <b>E-mail</b>  | <b>Phone/FAX</b> |
|---|--|------------------|
| Thomas R. Teehan, Esq.<br>National Grid<br>280 Melrose St.<br>Providence, RI 02907  | <a href="mailto:Thomas.teehan@us.ngrid.com">Thomas.teehan@us.ngrid.com</a>     | 401-784-7667     |
|   | <a href="mailto:Joanne.scanlon@us.ngrid.com">Joanne.scanlon@us.ngrid.com</a>   | 401-784-4321     |
| John Nestor<br>National Grid<br>40 Sylvan Road<br>Waltham, MA 02541   | <a href="mailto:John.nestor@us.ngrid.com">John.nestor@us.ngrid.com</a>         |                  |
| Leo Wold, Esq.<br>Dept. of Attorney General<br>150 South Main St.<br>Providence RI 02903  | <a href="mailto:Lwold@riag.ri.gov">Lwold@riag.ri.gov</a>                       | 401-222-2424     |
|   | <a href="mailto:Sscialabba@ripuc.state.ri.us">Sscialabba@ripuc.state.ri.us</a> | 401-222-3016     |
|   | <a href="mailto:Mtobin@riag.ri.gov">Mtobin@riag.ri.gov</a>                     |                  |
|   | <a href="mailto:dmacrae@riag.ri.gov">dmacrae@riag.ri.gov</a>                   |                  |
| Bruce Oliver<br>Revilo Hill Associates<br>7103 Laketree Drive<br>Fairfax Station, VA 22039  | <a href="mailto:Boliver.rha@verizon.net">Boliver.rha@verizon.net</a>           | 703-569-6480     |
| <b>File an original &amp; nine (9) copies w/:</b><br>Luly E. Massaro, Commission Clerk<br>Public Utilities Commission<br>89 Jefferson Blvd.<br>Warwick RI 02888 | <a href="mailto:Lmassaro@puc.state.ri.us">Lmassaro@puc.state.ri.us</a>         | 401-780-2107     |
|   | <a href="mailto:Plucarelli@puc.state.ri.us">Plucarelli@puc.state.ri.us</a>     | 401-941-1691     |
|   | <a href="mailto:Sccamara@puc.state.ri.us">Sccamara@puc.state.ri.us</a>         |                  |

Division Data Request 1-1

Request:

Re: page 8, lines 5-15, of witness Arangio's Pre-Filed Direct Testimony, please:

- a. Provide a list of all Marketers' representatives that participated in the referenced July 15, 2010 meeting and their affiliations.
- b. Provide copies of all documents and analyses presented to Marketers at the July 15, 2010 meeting.
- c. Document all marketers' notifications provided to the Company upon which National Grid relies to:
  - i. Characterize the marketers' decision as unanimous;
  - ii. Support its representation that the Marketers agree for the Company to use a forward looking one-year forecast pricing methodology in future filings.

Response:

- a. The following Marketer representatives participated in the July 15, 2010 meeting:

| <b>Company</b>       | <b>Representative</b>         |
|----------------------|-------------------------------|
| Hess Corporation     | Debra Bateman & Cheryl Macera |
| Metromedia Energy    | Karen Moraal                  |
| Direct Energy        | Teresa Ringenback             |
| Sprague Energy       | Tana Ream                     |
| Global Energy        | B. Johnson                    |
| Santa Buckley Energy | Tim Costello & Dave Healy     |

- b. Please see Attachment 1 for the summary of the transportation capacity release representing a 12-month forward pricing scenario. In addition, please see Attachment 2 for a summary of the transportation capacity release representing a 3-year historical average.
- c. (i) Each of the Marketers listed in (a) above agreed to use a 12-month forward pricing scenario in EDA-4 as filed in Docket No. 4199.  
  
(ii) Please see Attachment 3 for a copy of six (6) E-mails providing affirmation of the Marketers support for the proposed change to a 12-month forward pricing scenario proposed to be effective November 1, 2010.

Prepared by or under the supervision of: Elizabeth D. Arangio

**PRELIMINARY ESTIMATE**

**12 Month Forward Pricing**

**National Grid  
Summary of Transportation Capacity Release  
Pipeline Path Availability and Pricing  
November 2010 - October 2011**

**PRELIMINARY ESTIMATE**

| Path to City Gate   | As of 7/1/10<br>Existing<br>Releases | Total<br>Available | Remaining<br>Available | Cost<br>/Dth   | New Credit/<br>Surcharge | Old Credit /<br>Surcharge |
|---|--------------------------------------|--------------------|------------------------|----------------|--------------------------|---------------------------|
| <b>Company Weighted Average</b>                             |                                      |                    |                        | <b>\$0.974</b> |                          |                           |
| Tennessee Zone 1  | 7,689                                | 8,000              | 311                    | \$1.032        | (\$0.058)                | \$0.018                   |
| Algonquin @ Lambertville, NJ                                | 2,714                                | 2,714              | 0                      | \$0.670        | \$0.304                  | \$0.279                   |
| Texas Eastern - South Texas<br>Algonquin @ Lambertville, NJ | 4,014                                | 4,044              | 30                     | \$1.388        | (\$0.414)                | (\$0.237)                 |
| Texas Eastern - West La<br>Algonquin @ Lambertville, NJ     | 7,827                                | 8,000              | 173                    | \$1.254        | (\$0.280)                | (\$0.193)                 |
| Texas Eastern - East La<br>Algonquin @ Lambertville, NJ     | 5,476                                | 5,500              | 24                     | \$1.180        | (\$0.206)                | (\$0.186)                 |
| Columbia (Maumee/Downington)<br>at 5:1 ratio**              | 765                                  | 1,000              | 235                    | \$0.665        | \$0.309                  | \$0.355                   |
| <b>Totals</b>   | <b>28,485</b>                        | <b>29,258</b>      | <b>773</b>             |                |                          |                           |

\*\* Note: Marketers selecting this path are assigned 5/6 of the amount selected at the Maumee, Ohio receipt point into Columbia and 1/6 at the Downington, Pa. Receipt into Columbia.

**PRELIMINARY ESTIMATE**

**Historical 3 Year Average Pricing**

**National Grid  
Summary of Transportation Capacity Release  
Pipeline Path Availability and Pricing  
November 2010 - October 2011**

**PRELIMINARY ESTIMATE**

| <b>Path to City Gate</b>                                    | <b>As of 7/1/10<br/>Existing<br/>Releases</b> | <b>Total<br/>Available</b> | <b>Remaining<br/>Available</b> | <b>Cost<br/>/Dth</b> | <b>New Credit/<br/>Surcharge</b> | <b>Old Credit /<br/>Surcharge</b> |
|---|---|----------------------------|--------------------------------|----------------------|----------------------------------|-----------------------------------|
| <b>Company Weighted Average</b>                             |   |                            |                                | <b>\$0.990</b>       |                                  |                                   |
| Tennessee Zone 1  | 7,689   | 8,000                      | 311                            | \$1.013              | (\$0.023)                        | (\$0.036)                         |
| Algonquin @ Lambertville, NJ                                | 2,714   | 2,714                      | 0                              | \$0.841              | \$0.149                          | \$0.093                           |
| Texas Eastern - South Texas<br>Algonquin @ Lambertville, NJ | 4,014   | 4,044                      | 30                             | \$1.152              | (\$0.163)                        | (\$0.056)                         |
| Texas Eastern - West La<br>Algonquin @ Lambertville, NJ     | 7,827   | 8,000                      | 173                            | \$1.244              | (\$0.254)                        | (\$0.243)                         |
| Texas Eastern - East La<br>Algonquin @ Lambertville, NJ     | 5,476   | 5,500                      | 24                             | \$1.159              | (\$0.170)                        | (\$0.164)                         |
| Columbia (Maumee/Downington)<br>at 5:1 ratio**              | 765   | 1,000                      | 235                            | \$0.796              | \$0.193                          | \$0.159                           |
| <b>Totals</b>   | <b>28,485</b>                                 | <b>29,258</b>              | <b>773</b>                     |                      |                                  |                                   |

\*\* Note: Marketers selecting this path are assigned 5/6 of the amount selected at the Maumee, Ohio receipt point into Columbia and 1/6 at the Downington, Pa. Receipt into Columbia.

**Bauer, Michael A.**

**From:** Karen Moraal [kmoraal@mmenergy.com]  
**Sent:** Wednesday, July 21, 2010 3:21 PM  
**To:** Bauer, Michael A.; Querzoli, Dawn F.  
**Cc:** Arangio, Elizabeth C. (Marketing); Culliford, Nancy G. (Marketing); Laurence Morris; Kain, Terrence; Beland, Gary  
**Subject:** RE: Rhode Island meeting Notes

Hi Mike,

Metromedia is okay with the proposed change in the basis calculation from the current 3 year historical average pricing to use 12 month forward pricing.

Thanks,  
Karen

**From:** Bauer, Michael A. [mailto:Michael.Bauer@us.ngrid.com]  
**Sent:** Wednesday, July 21, 2010 11:54 AM  
**To:** DBateman@hess.com; Karen Moraal; Macera, Cheryl; Ringenbach, Teresa; Tim Costello; healey@hess.com; tream@spragueenergy.com; RMagnani@hess.com; bjohnson@globalp.com  
**Cc:** Arangio, Elizabeth C. (Marketing); Culliford, Nancy G. (Marketing); Querzoli, Dawn F.; Kain, Terrence; Beland, Gary  
**Subject:** Rhode Island meeting Notes

All,  
Attached are the meeting notes from our July 15th meeting in Providence. Please note that your thoughts on the basis calculation are due today. I anticipate having the examples of the pro-rata capacity assignment and pro-rata consumption spread out to you by no later than Friday. Red-line tariffs should be available at the end of next week. Our follow-up meeting has been scheduled for August 12th in Waltham. Thanks to Nancy Culliford, lunch will be provided. Thank you.

Mike  
<<Rhode Island Marketer Meeting Notes.doc>>  
Michael A. Bauer  
Manager, Gas Transportation  
Energy Portfolio Management  
National Grid USA  
(B) 516-545-3855  
(F) 516-545-3252

\*\*\*\*\*  
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09/20/2010

**Bauer, Michael A.**

---

**From:** Bateman, Debra [DBateman@hess.com]  
**Sent:** Wednesday, July 21, 2010 2:24 PM  
**To:** Culliford, Nancy G. (Marketing)  
**Cc:** Querzoli, Dawn F.; Macera, Cheryl; Magnani, Randy; Bauer, Michael A.  
**Subject:** RE: The Basis Surcharge Calculation

Nancy

Okay with the forward pricing methodology

Sorry :(

Deb

---

**From:** Culliford, Nancy G. (Marketing) [mailto:Nancy.Culliford@us.ngrid.com]  
**Sent:** Wednesday, July 21, 2010 2:10 PM  
**To:** Bateman, Debra  
**Cc:** Querzoli, Dawn F.; Macera, Cheryl; Magnani, Randy; Bauer, Michael A.  
**Subject:** RE: The Basis Surcharge Calculation

Deb, Just to clarify is Hess requesting forward or historical pricing? Nancy

---

**From:** Bateman, Debra [mailto:DBateman@hess.com]  
**Sent:** Wednesday, July 21, 2010 2:09 PM  
**To:** Culliford, Nancy G. (Marketing)  
**Cc:** Querzoli, Dawn F.; Macera, Cheryl; Magnani, Randy; Bauer, Michael A.  
**Subject:** The Basis Surcharge Calculation

Nancy

Hess is okay with the change in methodology for the basis surcharge calculation.

Thanks

Deb

**Debra Bateman**  
Natural Gas Manager  
Hess Corporation

Direct 401.288.4878 Mobile 401.258-9286  
Fax 866.815.7522  
dbateman@hess.com www.HessEnergy.com

09/20/2010

**Bauer, Michael A.**

**From:** Ringenbach, Teresa [Teresa.Ringenbach@directenergy.com]  
**Sent:** Wednesday, July 21, 2010 12:47 PM  
**To:** Bauer, Michael A.; DBateman@hess.com; Karen Moraal; Macera, Cheryl; Tim Costello; healey@directenergy.com; tream@spragueenergy.com; RMagnani@hess.com; bjohnson@globalp.com  
**Cc:** Arangio, Elizabeth C. (Marketing); Culliford, Nancy G. (Marketing); Querzoli, Dawn F.; Kain, Terrence; Beland, Gary  
**Subject:** RE: Rhode Island meeting Notes

Nancy - Direct Energy is okay with the change in the basis calculation to use forward pricing per the sample sheets provided at our meeting.

Mike - can you provide a call in # for the meeting on the 12th?

Thanks!  
Teresa

---

**From:** Bauer, Michael A. [mailto:Michael.Bauer@us.ngrid.com]  
**Sent:** Wednesday, July 21, 2010 11:54 AM  
**To:** DBateman@hess.com; Karen Moraal; Macera, Cheryl; Ringenbach, Teresa; Tim Costello; healey@directenergy.com; tream@spragueenergy.com; RMagnani@hess.com; bjohnson@globalp.com  
**Cc:** Arangio, Elizabeth C. (Marketing); Culliford, Nancy G. (Marketing); Querzoli, Dawn F.; Kain, Terrence; Beland, Gary  
**Subject:** Rhode Island meeting Notes

All,  
Attached are the meeting notes from our July 15th meeting in Providence. Please note that your thoughts on the basis calculation are due today. I anticipate having the examples of the pro-rata capacity assignment and pro-rata consumption spread out to you by no later than Friday. Red-line tariffs should be available at the end of next week. Our follow-up meeting has been scheduled for August 12th in Waltham. Thanks to Nancy Culliford, lunch will be provided. Thank you.

Mike  
<<Rhode Island Marketer Meeting Notes.doc>>  
Michael A. Bauer  
Manager, Gas Transportation  
Energy Portfolio Management  
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(B) 516-545-3855  
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09/20/2010



**Bauer, Michael A.**

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**From:** Ream, Tana [tream@spragueenergy.com]  
**Sent:** Monday, September 20, 2010 2:52 PM  
**To:** Bauer, Michael A.  
**Subject:** RE: Forward Pricing

Hi Mike,

Yes, for the path selections, we were in support of a more current trend rather than the 3 year trend Nat Grid RI has used in the past.

Thank you,  
Tana

---

**From:** Bauer, Michael A. [mailto:Michael.Bauer@us.ngrid.com]  
**Sent:** Monday, September 20, 2010 2:50 PM  
**To:** Ream, Tana  
**Subject:** Forward Pricing

Tana,  
I believe you were in support of the Company using a forward looking one-year forecast pricing methodology in future filings. This was discussed at our July 15th meeting. Could you please confirm this for the record. Thanks.

Mike

Michael A. Bauer  
Manager, Gas Transportation  
Energy Portfolio Management  
National Grid USA  
(B) 516-545-3855  
(F) 516-545-3252

\*\*\*\*\*

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09/20/2010

**Bauer, Michael A.**

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**From:** Tim Costello [CostelloT@SANTAENERGY.COM]  
**Sent:** Monday, September 20, 2010 3:29 PM  
**To:** Bauer, Michael A.  
**Subject:** RE: Forward Forecast

Mike --

Sorry, I thought we were talking about Mass. We are in favor of the one-year forward forecast methodology in RI.

Tim Costello  
Vice President, Integrated Energy Division



Santa Buckley Energy, Inc.  
154 Admiral Street  
Bridgeport, CT 06601

costellot@santaenergy.com  
(Office) 203-362-3332, x1345  
(Fax) 203-367-2412

---

**From:** Bauer, Michael A. [mailto:Michael.Bauer@us.ngrid.com]  
**Sent:** Monday, September 20, 2010 3:04 PM  
**To:** Tim Costello  
**Subject:** RE: Forward Forecast

Tim,  
This was to use a one year forward pricing index instead of the previous three years average for capacity pricing.  
Mike

Michael A. Bauer  
Manager, Gas Transportation  
Energy Portfolio Management  
National Grid USA  
(B) 516-545-3855  
(F) 516-545-3252

---

**From:** Tim Costello [mailto:CostelloT@SANTAENERGY.COM]  
**Sent:** Monday, September 20, 2010 3:01 PM  
**To:** Bauer, Michael A.  
**Subject:** RE: Forward Forecast

Forecast pricing for customer rates? I recall conversation about trying to get a forecast of storage pricing, but refresh me on what you are referring to specifically on this. Thanks.

09/20/2010

**Bauer, Michael A.**

**From:** BJohnson@globalp.com  
**Sent:** Tuesday, September 21, 2010 10:22 AM  
**To:** Bauer, Michael A.  
**Subject:** Re: Forward Pricing

Mike;

It was a pleasure reviewing this proposal again with you this morning.

Yes-Global is in support of a change in the calculation of capacity charges utilizing a forward looking one-year forecast pricing methodology in future filings.

Best regards;

Bob

**From:** "Bauer, Michael A." <Michael.Bauer@us.ngrid.com>  
**To:** <bjohnson@globalp.com>  
**Date:** 09/20/2010 03:02 PM  
**Subject:** Forward Pricing

Bob,

I believe you were in support of the Company using a forward looking one-year forecast pricing methodology in future filings. This was discussed at our July 15th meeting. Could you please confirm this for the record. Thanks.

Mike

Michael A. Bauer  
Manager, Gas Transportation  
Energy Portfolio Management  
National Grid USA  
(B) 516-545-3855  
(F) 516-545-3252

\*\*\*\*\*

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09/21/2010

Division Data Request 1-2

Request:

Re: page 10, lines 2-5, of witness Arangio's Pre-Filed Direct Testimony, please demonstrate quantitatively the benefits to customers that are achieved by increasing the capacity made available to marketers of 4,000 MMBtu per day.

Response:

Under the Company's tariff (Section 6, Page 10, 1.07.0 Capacity Release), the Company is required to provide pipeline capacity to marketers serving its customers. The total benefit to customers from capacity assignment is shown in Attachment EDA-2, page 14 where "marketer release credits" of \$5,442,749 are subtracted from fixed gas costs. The credit from the additional 4,000 MMBtu per day is included in this total.

Prepared by or under the supervision of: Elizabeth D. Arangio

Division Data Request 1-3

Request:

Re: page 12 of witness Arangio's Pre-Filed Direct Testimony, please:

- a. Quantify the incremental deliveries that would be expected to each of the stations identified at page 12, line 8, (i.e., the Montville, Portsmouth, Tiverton, and Warren stations) under:
  - i. Normal winter weather conditions
  - ii. Design winter weather conditions
  - iii. Design day peak conditions
  - iv. Severe Cold Snap conditions
- b. Quantify the improvement in reliability that the Algonquin East to West Project will have in Westerly, RI, under:
  - i. Normal winter weather conditions
  - ii. Design winter weather conditions
  - iii. Design day peak conditions
  - iv. Severe Cold Snap conditions
- c. Quantify the significance of the reduction in reliance on LNG at the Newport Navy Yard site under:
  - i. Normal winter weather conditions
  - ii. Design winter weather conditions
  - iii. Design day peak conditions
  - iv. Severe Cold Snap conditions
- d. Provide the Company's projections of customer growth and increased annual and design day peak volume requirements for each of the affected systems for each of the next three years.



### Division Data Request 1-3 (continued)

## 2010 - 2011

## Narragansett Electric - RI

### Take Station Contract Quantities (MMBtu)

\* = Peak MDQ

\*\*Note: Delivery quantities are flexible and may never exceed the max volumes at each take station. And sum of deliveries never exceed TCQ.

$\Delta = 6\%$  Hourly maximum; everything else is  $1/24$

| ALGONQUIN                          |        |        | ^      |        |          | ^        |        |         | ^     |        |        |       |        |        |        | E 2 W   | Total |
|------------------------------------|--------|--------|--------|--------|----------|----------|--------|---------|-------|--------|--------|-------|--------|--------|--------|---------|-------|
|                                    |        |        | *      |        | *        | *        |        |         | *     | *      | *      |       |        |        |        | 510511  |       |
|                                    | 9001   | 90106  | 90107  | 933005 | 93001ESC | 93011E** | 93401S | 96004SC | 9B105 | 9S100S | 9W009E | 99054 | 510075 | 510209 |        |         |       |
| Contract MDTQ:                     | 11,063 | 19,465 | 26,129 | 2,061  | 2,384    | 56,035   | 335    | 1,695   | 8,539 | 187    | 6,812  | 500   | 4,000  | 3,500  | 10,000 | 152,705 |       |
| Dey St. (#00004)                   | 11,063 | 9,223  | 19,514 | ---    | ---      | 25,137   | ---    | ---     | 4,258 | ---    | 6,234  | ---   | ---    | ---    | ---    | 75,429  |       |
| Westerly (#00008)                  | ---    | 474    | ---    | 248    | ---      | 1,221    | ---    | ---     | 79    | ---    | 273    | 500   | ---    | ---    | ---    | 2,795   |       |
| Wampanoag Trail [E. Prov] (#00010) | ---    | 4,092  | 6,615  | ---    | ---      | 48,147   | ---    | ---     | ---   | ---    | ---    | ---   | ---    | ---    | ---    | 58,854  |       |
| Portsmouth (#00013)                | ---    | 5,078  | ---    | ---    | ---      | 6,504    | ---    | ---     | 4,202 | ---    | 305    | ---   | ---    | ---    | 6,000  | 22,089  |       |
| Tiverton (#00033)                  | ---    | 598    | ---    | ---    | ---      | 163      | ---    | ---     | ---   | ---    | ---    | ---   | ---    | ---    | 500    | 1,261   |       |
| Burrillville (#00044)              | ---    | ---    | ---    | ---    | ---      | ---      | ---    | ---     | ---   | ---    | ---    | ---   | ---    | ---    | ---    | 0       |       |
| Barrington (#00064)                | ---    | ---    | ---    | ---    | ---      | ---      | ---    | ---     | ---   | ---    | ---    | ---   | ---    | ---    | ---    | 0       |       |
| Bristol/Warren (#00012)            | ---    | ---    | ---    | 813    | 2,384    | 4,173    | 335    | 1,695   | ---   | 187    | ---    | ---   | 4,000  | ---    | 2,000  | 15,587  |       |
| Cumberland (#00083)                | ---    | ---    | ---    | 1,000  | ---      | ---      | ---    | ---     | ---   | ---    | ---    | ---   | ---    | ---    | ---    | 1,000   |       |
| Montville (#00059)                 | ---    | ---    | ---    | ---    | ---      | ---      | ---    | ---     | ---   | ---    | ---    | ---   | ---    | 3,500  | 1,500  | 5,000   |       |
| Take Station Total:                |        |        |        |        |          |          |        |         |       |        |        |       |        |        |        | 182,015 |       |

Division Data Request 1-3 (continued)

- b. The Algonquin East to West project provides capacity to economically meet future load growth in an area where pipeline capacity has consistently been constrained and expensive to expand.
  - i Under normal weather conditions its impact on reliability is to improve the Company's ability to serve the area in the event of an outage or emergency. (Note that the Algonquin gate station in Westerly was flooded this past spring and the entire Westerly load was served through the Montville Yankee path. Under cold winter conditions the additional capacity would have been needed to provide service without curtailments.) The additional capacity will also improve service to and add revenue from non-firm customers.
  - ii Under design winter conditions, the new capacity can provide up to 1,500 DT/day of supply to the Westerly area with the balance available to serve the system as a whole.
  - iii The current forecasted design peak day is 5,928 DT. This would be expected to result in a peak hour of 296.4 DT/hour. The existing, pre-expansion, pipeline capacity is 6,295 DT/day and 290 DT on peak hour. Thus, peak day pipeline capability is adequate while peak hour can only be met by either retaining the LNG facility or by utilizing the new capacity.
  - iv The capacity would be available every day at 100% of the 1,500 DT/day of delivery capability to meet cold snap conditions in Westerly or on the system as a whole.
- c. The Algonquin East to West project provides capacity to Aquidneck Island to economically meet future load growth in an area where pipeline capacity has consistently been constrained and very expensive to expand.
  - i Under normal weather conditions it would eliminate the use of LNG at Newport for the next several years.
  - ii Under design winter conditions it would eliminate the use of LNG at Newport for the next few years.
  - iii The current forecasted design peak day would require almost 3,100 DT more than existing pipeline capacity of 16,089 DT/day. A design peak day would also be expected to result in a peak hour of 984 DT/hour, 189 DT more than the 795 DT of contract capacity. Thus, current peak day and peak hour pipeline capacities can only be met for the current load by vaporizing 4 truckloads of LNG. With the new capacity in place, the full peak hourly load can be met with pipeline capacity, but only for a few years assuming typical peak hour growth. The Aquidneck Island area had the most rapid growth rate on the RI system during the last housing construction boom period.



Division Data Request 1-3 (continued)

- iv The capacity would be available every day at 100% of the 6,000 DT/day of delivery capability to meet cold snap conditions on Aquidneck Island or on the system as a whole. It would eliminate all LNG at the Newport LNG facility.
- d. The Company does not model deliveries to each gate station. Instead, it models four load centers: Providence, Bristol-Warren, Valley and Westerly. Below, the Company provides the requested normal annual and design day data for all customers using utility capacity for the three load centers that represent the affected systems: Montville (Westerly), Portsmouth and Tiverton (Providence), and Warren (Bristol-Warren).

Natural Gas Requirements for All Customers Using Utility Capacity (MMBtu)  
From 2010Q3 Forecast  
Normal Year

|            | 2010/11    | 2011/12    | 2012/13    |
|------------|------------|------------|------------|
| Westerly   | 588,980    | 585,820    | 581,419    |
| Providence | 25,473,367 | 25,336,720 | 25,146,351 |
| Warren     | 674,809    | 671,190    | 666,147    |

Natural Gas Requirements for All Customers Using Utility Capacity (MMBtu)  
From 2010Q3 Forecast  
Design Day

|            | 2010/11 | 2011/12 | 2012/13 |
|------------|---------|---------|---------|
| Westerly   | 5,928   | 5,947   | 5,921   |
| Providence | 256,386 | 257,187 | 256,099 |
| Warren     | 6,792   | 6,813   | 6,784   |

Prepared by or under supervision of: Elizabeth D. Arangio

Division Data Request 1-4

Request:

Re: page 12, lines 10-16, of witness Arangio's Pre-Filed Direct Testimony, please provide the Company's best estimates of the impacts of the Algonquin East to West Project on its forecasted requirements for trucked deliveries of LNG to Westerly and to Newport under:

- a. Normal winter weather conditions
- b. Design winter weather conditions
- c. Design day peak conditions
- d. Severe Cold Snap conditions

Response:

a. Normal winter weather conditions

| Location     | Required Trucks           |                        |
|--------------|---------------------------|------------------------|
|              | Without East West Project | With East/West Project |
| Westerly     | 0                         | 0                      |
| Newport      | 0                         | 0                      |
| <b>Total</b> | <b>0</b>                  | <b>0</b>               |

b. Design winter weather conditions

| Location     | Required Trucks           |                        |
|--------------|---------------------------|------------------------|
|              | Without East/West Project | With East/West Project |
| Westerly     | 1*                        | 0                      |
| Newport      | 5                         | 0                      |
| <b>Total</b> | <b>6</b>                  | <b>0</b>               |

c. Design day peak conditions

| Location     | Required Trucks           |                        |
|--------------|---------------------------|------------------------|
|              | Without East/West Project | With East/West Project |
| Westerly     | 1*                        | 0                      |
| Newport      | 4                         | 0                      |
| <b>Total</b> | <b>5</b>                  | <b>0</b>               |

d. Severe cold snap conditions

| Location     | Required Trucks           |                        |
|--------------|---------------------------|------------------------|
|              | Without East/West Project | With East/West Project |
| Westerly     | 0                         | 0                      |
| Newport      | 19                        | 0                      |
| <b>Total</b> | <b>19</b>                 | <b>0</b>               |

\* Truck for Westerly is for the peak hour.

Prepared by or under the supervision of: Elizabeth D. Arangio

Division Data Request 1-5

Request:

Re: page 12 of witness Arangio's Pre-Filed Direct Testimony, please:

- a. Identify the resources that the Company intends to rely upon to meet system pressures in Westerly and in Newport with the commencement of service through the Algonquin East to West Project;
- b. Provide the data and analyses upon which National Grid relies to assess the impacts of the commencement of that service on the Company's current 16.8% "system balancing percentage."
- c. Explain how impacts of the Algonquin East to West Project on the Company's system balancing percentage for the period November 1, 2010 through October 31, 2011 are reflected in its September 1, 2010 Annual GCR filing, and why the Company's proposed treatment of such impacts is appropriate.

Response:

- a. The pressure support study used to develop the currently used factor did not show any pressure support requirement for Westerly. In Newport, the study showed a need for 290 mcfh at peak conditions. It appears that the new capacity at Portsmouth will eliminate the need for pressure support at this time and significantly reduce pressure support requirements in the future.
- b. The system balancing percentage was last updated in Docket 3943, the Company's most recent base rate filing. No update of that study has been prepared. Because the system balancing factor is used to allocate certain base rate LNG costs, the factor has only been updated in base rate proceedings.
- c. The impacts of the Algonquin East to West Project on the Company's system balancing percentage for the period November 1, 2010 through October 31, 2011 are reflected in its September 1, 2010 Annual GCR filing via the reduced level of peaking volumes and associated costs used to calculate the system balancing percentage. The Company's proposed treatment of these impacts is appropriate as it complies with the Commission's Order in Docket No. 3401. (See Order No. 17381 at 68).

Division Data Request 1-6

Request:

Re: page 12 of witness Arangio's Pre-Filed Direct Testimony, please:

- a. Identify any and all facilities that will be retired as a result of commencement of service from the Algonquin East to West Project;
- b. Quantify the costs that National Grid will incur to eliminate its temporary LNG site in Westerly.

Response:

- a. The Company does not have plans to retire any of its facilities at this time.
- b. The removal of the portable LNG facilities in Westerly, RI will cost a total estimated amount of \$30,000:

|                                       |          |
|---------------------------------------|----------|
| Cut off of existing gas facilities:   | \$20,000 |
| Disposal of ethylene glycol           | \$ 8,000 |
| Transportation of vaporizers off site | \$ 2,000 |

Prepared by or under the supervision of: Elizabeth D. Arangio

Division Data Request 1-7

Request:

Please provide the Company cost-benefit analyses upon which the Company relies to cost-justify each addition or major modification it has made to its Gas Asset Portfolio over the last year or intends to add during the November 1, 2010 through October 31, 2011 period.

Response:

There are two modifications to the gas supply portfolio since last year:

- 1) Commencement of the Algonquin East-to-West capacity for 10,000 dth/day expected to be in-service effective November 1, 2010, and
- 2) Expiration of the Distrigas Firm Combination Service Agreement for 10,000 dth/day on October 31, 2010.

The Company is still in the process of finalizing its needs for the November 1, 2010 through October 31, 2011 time period. Once finalized, the Company will submit its final plan.

Division Data Request 1-8

Request:

Re: page 13, lines 11-12, of witness Arangio's Pre-Filed Direct Testimony, please:

- a. Explain the manner in which the Company refilled its LNG storage during the 2010 off-peak season;
- b. Document the LNG volumes procured for storage inventory during each month of the November 1, 2009 through October 31, 2010 GCR period to date.

Response:

- a. The Company refilled its LNG storage during the 2010 off-peak season utilizing its Firm Combination Contract with Distrigas. Although the existing Distrigas contract has a liquid limitation of 360,000 MMBtus per year, the Company was able to negotiate an arrangement with Distrigas to take the remaining ACQ of the contract all in liquid form to meet its 2010 off-peak LNG refill requirements.
- b. Please see the table below for LNG volumes procured to fill storage inventory during the November 2009 through October 2010 GCR period:

| <b>Month/Year</b> | <b>Volume<br/>(MMBtu)</b> |
|-------------------|---------------------------|
| Nov-2009          | 41,777                    |
| Dec-2009          | 36,742                    |
| Jan-2010          | 55,970                    |
| Feb-2010          | 0                         |
| Mar-2010          | 66,315                    |
| Apr-2010          | 160,153                   |
| May-2010          | 49,457                    |
| Jun-2010          | 34,594                    |
| Jul-2010          | 18,424                    |
| Aug-2010          | 6,558                     |
| Sep-2010          | 0                         |
| Oct-2010          | 0                         |
| <b>TOTAL:</b>     | <b>469,990</b>            |

Prepared by or under the supervision of: Elizabeth D. Arangio

Division Data Request 1-9

Request:

Re: page 13, lines 14-20, of witness Arangio's Pre-Filed Direct Testimony, please provide:

- a. The analyses, data, studies and rationales used to determine the quantities of LNG that the Company intends to obtain:
  - i. For each remaining month of the current GCR period; and
  - ii. For the 2010-2011 winter peak season.
- b. Indicate when the Company expects to execute a contract for LNG for the 2010-11 peak season and when it will go into effect.
- c. Provide the data, assumptions, and analyses upon which the Company has relied to estimate its LNG costs for the November 1, 2010 through October 31, 2011 GCR period in the absence of a contract for LNG supply.

Response:

- a. Please see the following:
  - i. Please see response to Division Data Request 1-8(a).
  - ii. Please see response to Division Data Request 1-7.
- b. The Company expects to finalize its plans for the peak season by November 1, 2010 for effect December 1, 2010.
- c. The Company canvassed the market to establish a city-gate delivered cost (to which an adder would be applied to account for the liquid premium) in order to estimate the LNG costs for the November 1, 2010 through October 31, 2010 period. The price used in the filing is: last day NYMEX Settlement plus [REDACTED]

Prepared by or under the supervision of: Elizabeth D. Arangio

Division Data Request 1-10

Request:

Re: page 14, lines 8-15, of witness Arangio's Pre-Filed Direct Testimony, please document:

- a. National Grid's assessment of the impacts of the Rockies Express Pipeline on natural gas supply availability and prices for RI:
  - i. For the November 1, 2009 through October 31, 2010 GCR period;
  - ii. For the November 1, 2010 through October 31, 2011 GCR period.
- b. National Grid's assessment of the impacts of gas produced from Marcellus shale deposits on natural gas supply availability and prices for RI:
  - i. For the November 1, 2009 through October 31, 2010 GCR period;
  - ii. For the November 1, 2010 through October 31, 2011 GCR period.

Response:

The Company is not able to provide a quantitative analysis of the combined and individual effects on the Company's gas supply for the 2010-11 GCR period solely attributed to the projects mentioned in witness Arangio's Pre-Filed Direct Testimony as there are many factors which influence the natural gas market. That being said, it is accurate to state that all of the projects mentioned, including the Rockies Express Pipeline and the Marcellus Shale are providing increased supply to the Northeast, in the near term, keeping natural gas prices down and compelling producers to sign on for pipeline projects to move their gas to markets.

Rockies Express (REX) is a point specific pipeline that competes directly with traditional long haul pipeline from the Gulf of Mexico (GOM). The delivery point in Clarington, Ohio has direct access to Texas Eastern, Dominion and Tennessee pipelines. REX is competing directly with supplies sourced on those pipelines and others, such as Texas Gas, which terminate at Lebanon. The result is competition on existing paths that is keeping prices down.

The Marcellus Shale represents a different dynamic because it is an immature supply basin at present. The current area of focus for the Marcellus Shale is the section located in Northeast Pennsylvania along the Tennessee Gas Pipeline's 300 leg. Construction of gathering systems to bring the supply to pipelines is still under development. Projects to bring supply west into Canada and back to Dawn, Ontario are being discussed. The Company is evaluating all of these options.

All signs point to a large increase in supply in the northeast which for now is exceeding demand growth. Recent reports have shown increased liquidity at Leidy as production grows. Producers have made major commitments for several new transportation projects like the Texas Eastern NJ-NY Expansion. This is all good news for the consumer as the increased competition between supply basins ultimately leads to lower prices.



Division Data Request 1-10

The Company's position is that it is best to maintain a diverse portfolio of assets that allow the Company to be in position to purchase gas on a least-cost basis. National Grid will continue to evaluate the pipeline assets it holds and only turn-back those that are truly uneconomically viable.

Prepared by or under the supervision of: Elizabeth D. Arangio

Division Data Request 1-11

Request:

Re: page 15-16 of witness Arangio's Pre-Filed Direct Testimony, please document all commitments of supply from "local" projects in New England that National Grid has obtained for use by its RI customers.

Response:

The "local" projects in the Northeast referenced in witness Arangio's Pre-Filed Direct Testimony are; (1) Maritimes Phase IV; (2) Repsol's LNG and Storage Project; (3) owned and operated by Excelerate Energy, the offshore LNG facility, Northeast Gateway, and (4) lastly, the Neptune Project being developed by Suez LNG. To date, the Company has not contracted for any dedicated supplies from any of these projects for use by its Rhode Island customers.

Prepared by or under the supervision of: Elizabeth D. Arangio

Division Data Request 1-12

Request:

Re: page 16, line 11-14, of witness Arangio's Pre-Filed Direct Testimony, please provide a quantitative analysis of the combined and individual effects on the Company's gas supply for the 2010-11 GCR period for all projects mentioned including the Rockies Express Pipeline and the Marcellus Shale.

Response:

Please see response to Division Data Request 1-10.

Prepared by or under the supervision of: Elizabeth D. Arangio

Division Data Request 1-14

Request:

Please document all energy efficiency and conservation related reductions in gas use included in the Company's forecasts of:

- a. Normal weather requirements as shown in Attachment NG-JFN-1, page 14;
- b. Design Winter requirements as shown in Attachment NG-JFN-1, page 15.

Response:

- a. and b. Please see Attachment Div 1-14 for the energy efficiency related reductions in gas use included in the Company's forecast of normal weather and design winter requirements.

Prepared by or under the supervision of: Leo Silvestrini

National Grid  
Rhode Island  
Energy Efficiency Reductions

|            |  | RES H      | RES NH  | TOTAL      | EFFICIENCY<br>Dth | check   | % OF<br>TOTAL | C/I        | TOTAL      | EFFICIENCY<br>Dth | % OF<br>TOTAL    |                      |      |
|------------|--|------------|---------|------------|-------------------|---------|---------------|------------|------------|-------------------|------------------|----------------------|------|
| 2009       |  | 17,282,046 | 695,994 | 17,978,039 | -                 | -       | 0.0000%       | 14,119,702 | 14,119,702 | -                 | 0.000%           | 32,097,741           |      |
| 2010       |  | 17,104,500 | 707,417 | 17,811,917 | 27,580            | 27,580  | 0.1548%       | 13,568,787 | 13,568,787 | 82,936            | 0.611%           | 31,380,704           |      |
| 2011       |  | 16,936,028 | 699,460 | 17,635,488 | 55,160            | 55,160  | 0.3128%       | 13,298,238 | 13,298,238 | 165,871           | 1.247%           | 30,933,727           |      |
| 2012       |  | 16,928,176 | 695,112 | 17,623,288 | 82,740            | 82,740  | 0.4695%       | 13,249,827 | 13,249,827 | 248,807           | 1.878%           | 30,873,115           |      |
| 2013       |  | 17,016,097 | 699,912 | 17,716,010 | 110,320           | 110,320 | 0.6227%       | 13,296,116 | 13,296,116 | 331,742           | 2.495%           | 31,012,125           |      |
| 2014       |  | 17,069,684 | 705,801 | 17,775,485 | 137,900           | 137,900 | 0.7758%       | 13,269,596 | 13,269,596 | 414,678           | 3.125%           | 31,045,081           |      |
| 2015       |  | 17,097,036 | 710,181 | 17,807,218 | 165,480           | 165,480 | 0.9293%       | 13,173,654 | 13,173,654 | 497,614           | 3.777%           | 30,980,872           |      |
| 2016       |  | 17,125,149 | 715,228 | 17,840,377 | 193,060           | 193,060 | 1.0822%       | 13,073,835 | 13,073,835 | 580,549           | 4.441%           | 30,914,212           |      |
| Annual Ave |  | 17,069,840 | 703,638 | 17,773,478 | 96,530            |         | 0.6210%       | 13,336,513 | 13,336,513 | 248,807           | 1.87%            | 31,048,950           |      |
|            |  |            |         |            |                   |         |               |            |            |                   |                  |                      |      |
|            |  |            |         |            | therms            |         |               |            | therms     |                   | Total Therms Dth | En Check (Sum Total) | Diff |
| 2009       |  |            |         |            | -                 |         |               |            |            | -                 | -                | -                    | -    |
| 2010       |  |            |         |            | 275,800           |         |               |            |            | 829,356           | 1,105,156        | 110,516              | -    |
| 2011       |  |            |         |            | 551,600           |         |               |            |            | 1,658,712         | 2,210,312        | 221,031              | -    |
| 2012       |  |            |         |            | 827,400           |         |               |            |            | 2,488,068         | 3,315,468        | 331,547              | -    |
| 2013       |  |            |         |            | 1,103,200         |         |               |            |            | 3,317,424         | 4,420,624        | 442,062              | -    |
| 2014       |  |            |         |            | 1,379,000         |         |               |            |            | 4,146,780         | 5,525,780        | 552,578              | -    |
| 2015       |  |            |         |            | 1,654,800         |         |               |            |            | 4,976,136         | 6,630,936        | 663,094              | -    |
| 2016       |  |            |         |            | 1,930,600         |         |               |            |            | 5,805,492         | 7,736,092        | 773,609              | -    |

Division Data Request 1-15

Request:

Please document all benefits that the Company's firm gas sales customers have received to date from the Natural Gas Portfolio Management Plan that was implemented in the spring of 2009.

Response:

The monetary benefit to the firm gas sales customers has been documented in the Company's quarterly and annual Natural Gas Portfolio Management Plan (NGPMP) filings. In the first year of the internally managed portfolio, the customers received 87% of the total value generated by the Company's employing may of the same strategies formerly used by an external asset manager. As noted in those quarterly filings, through March 2010, customers received benefits of over \$2.5M in guarantees and earnings sharing under the NGPMP program. From the NGPMP, customers also derive benefit from the experience gained by the Company in managing the portfolio. During this first year the Company has been successful in meeting the daily customer requirements and executing transactions that capture savings to help lower costs. This experience ensures that the Company and customers are less dependent on third-party market participants to provide gas supply to meet the fundamental load requirements and to perform portfolio optimization services. The Company's continued management of the portfolio increases reliability, diversifies credit exposure, and ensures that the customers receive a discount to market prices for the commodity component of their bill.

Prepared by or under the supervision of: Stephen McCauley

Division Data Request 1-16

Request:

Please document all benefits that the Natural Gas Portfolio Management Plan is expected to provide to the Company's firm gas sales service customer during the projected GCR period for which the Company has proposed new GCR charges.

Response:

Please see Attachment NG-JFN-3 which includes a \$200,000 monthly credit to customers under the Natural Gas Portfolio Management Plan for the 2010-2011 GCR. In addition, the benefits described in the Company's response to Division Data Request 1-15 will continue not only for the new GCR period but also in future GCR years. The customers will also benefit as the Company continues to gain experience managing the portfolio. This experience will enable the Company to increase the savings captured through the more effective use of the portfolio.

Prepared by or under the supervision of: Stephen McCauley

Division Data Request 1-17

Request:

Please provide the Company cost-benefit analyses upon which the Company relies to cost-justify each addition or major modification it has made to its Gas Asset Portfolio over the last year.

Response:

Please see response to Division Data Request 1-7.



Division Data Request 1-18

Request:

Please provide the Company cost-benefit analyses upon which the Company relies to cost-justify each addition or major modification it plans to make to its Gas Asset Portfolio during the period November 1, 2010 through October 31, 2011.

Response:

Please see response to Division Data Request 1-7.