Jennifer Brooks Hutchinson
Senior Counsel
Rhode Island

January 31, 2012

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: **Docket 4251 - The Narragansett Electric Company d/b/a National Grid Tariff Advice Filing to Amend R.I.P.U.C. NG-GAS No. 101**
Reply Comments

Dear Ms Massaro:

In connection with the above-referenced docket, National Grid[1] hereby submits the Company's reply comments to the written comments submitted by the Division of Public Utilities and Carriers (the "Division") on November 22, 2011 regarding the Company's tariff advice filing dated May 24, 2011 to amend its gas tariff to reflect the inclusion of the Company's current Soft-Off policy. The Company's May 24, 2011 filing sought to formalize the Company's existing policy as directed by the Division in the Division's Order in Docket No. D-10-110. The Company is also submitting an amended tariff filing, which the Company believes addresses the concerns raised by the Division in its November 22, 2011 comments. A clean version of the amended tariff is attached to this letter as Attachment 1. A redlined version of the tariff highlighting the changes from the original tariff filing is attached to this letter as Attachment 2.

On June 10, 2011, the Division filed a letter requesting that the Commission suspend the tariff advice pending an investigation by the Division, which the Division indicated it anticipated being able to complete by September 30, 2011. The Company responded to the Division's June 24, 2011 set of data requests on July 15, 2011 and July 20, 2011. There was no further activity regarding the filing until October 27, 2011--approximately four (4) months following the tariff suspension—when the Division filed its comments stating that "[t]he Division is satisfied that the proposed revisions amending R.I.P.U.C. NG-Gas No. 101 reflect the "Soft-Off' policies that have been in place since 2010." The Division further stated that it was "convinced that the proposed tariff amendments reasonably balance fairness to landlords whose properties are subject to "Soft-Off" terminations and ratepayers as a whole who must bear the incremental costs of "hard" terminations."

[1] The Narragansett Electric Company d/b/a National Grid (referred to herein as "National Grid" or the "Company").

Approximately one (1) month later, the Division filed supplemental comments wherein it stated that the Division "still generally supports the adoption of R.I.P.U.C. NG-GAS No. 101 as filed" but proposed, for the first time, the following recommendations: (i) the Division proposed to modify Section 1, Schedule A, Sheet 5, Second Paragraph of the tariff that allows for oral acceptance by a landlord/property owner to establish the landlord/property owner as the customer of record; and (ii) the Division proposed to modify Section 1, Schedule A, Sheet Five, Last Paragraph to include language to provide that when gas consumption at a location exceeds 33 ccf, service to that location will be terminated, and to further provide that all unrecoverable charges relating to gas usage exceeding 33 ccf shall be borne by the Company's shareholders. In addition, the Division proposed an annual reporting mechanism whereby the Company would be directed to identify the accounts and associated amounts of Soft-Off overages in excess of 33 ccf for the prior year.

In response to the Division's November 22, 2011 supplemental comments, the Company coordinated a conference call among Company personnel and the Division on December 9, 2011 to address the Division's concerns. With respect to the oral acceptance by a landlord/property owner, the Company explained the two scenarios under its proposed tariff language in which the Company may establish a landlord/property owner as the customer of record. The first scenario is where a landlord/property owner contacts the Company to request that a specific account be put in the landlord's/property owner's name. This scenario is treated the same as a one-time service connection under Section 1, Schedule A, Paragraph 3.0 of the tariff, which authorizes a customer to apply for service orally (e.g. by phone) or in writing. The second scenario is where a landlord/property owner requests that each time a tenant requests a service disconnect at a specific premise(s) the Company put the account in the landlord's/property owner's name. This scenario requires a written "Leave on for Landlord" authorization form that is kept on file and requires that the landlord contact the Company in writing if the landlord wishes to end the agreement. The Company has made certain revisions to its original tariff filing to clarify this procedure, as shown in <u>Attachment 1</u> and <u>Attachment 2</u>.

With respect to the Division's recommendation for a "ceiling" on the amount of Soft-Off gas consumption, the Company has revised its proposed tariff language to reflect that the Company will commence a termination action for an account once gas consumption exceeds an aggregate of 35 ccf or the account is still in a "Soft-Off" status for a consecutive period of 90 days, whichever occurs first, subject to the notice and other service- termination requirements set forth in the Commission's Rules and Regulations Governing the Termination of Residential Electric, Gas and Water Utility Services ("Termination Rules"), as shown on <u>Attachment 1</u> and <u>Attachment 2</u>.

The Company's proposed tariff revisions are designed to take into account the different Soft-Off scenarios that may occur primarily with gas accounts, such as the Company's inability to obtain access to the premise(s), or a multi-tenant situation where there are other occupants who have paid their gas bills, or who qualify for "protected status" or winter moratorium protection that precludes the Company from terminating service to that location, except in accordance with the Termination Rules. Likewise, under recent statutory amendments enacted in conjunction with the Henry Shelton Act, there are additional notice requirements and other protections for LIHEAP-eligible customers before the Company is able to terminate such an account. R.I.G.L. §39-1.1-1(b). The Division's language that service "will be terminated" once gas consumption reaches a certain ceiling fails to take into account these customers who rely on their gas service.

In its supplemental comments the Division expresses its concern that without a ceiling, the Company "can leave accounts in Soft-Off status on an open-ended basis." That concern is addressed in the revised language that the Company is submitting. Moreover, gas accounts that remain in a Soft-Off status beyond 35 ccf or 90 days are generally accounts in which the Company has not been able to access the premise(s) and/or where there is no street valve to shut off service from the street. In such event, the Company continues to aggressively work these accounts in order to attempt to either locate the property owner to establish an account or to access the premise(s) in order to shut off service.

The Division's concern for the general body of customers who will be required to bear the costs of unbilled gas charges associated with the open-ended Soft-Off accounts is equally without merit. As noted in the Company's May 24, 2011 filing, the Company's Soft-Off policy is designed to provide customers with significant cost savings by eliminating the need for Company personnel to make multiple trips to a specific premise for the purposes of turning off and subsequently turning on gas service to that location. These costs are further magnified when coupled with the Company's inability to obtain access to the premise necessitating additional trips. The estimated cost for 35 ccf of gas based on the per therm cost of gas at the time of the Company's May 24, 2011 filing is $32.71[2]. This is significantly less than the cost to terminate a customer's service and subsequently resume service at that location, which the Company estimated to be $62.00 ($41.00 per meter on and $21.00 per meter off) where access is not an issue. The Division recognized the benefit to customers in its October 27, 2011 comments, and continued to support the Company's Soft-Off policy in its November 22, 2011 comments.

With respect to the Division's recommendation that unbilled gas charges in excess of 33 ccf should be borne by the Company's shareholders, the Company believes that this is an unfair and unduly harsh penalty for something that is beyond the Company's control. As noted above, in most cases where an account remains in a Soft-Off status beyond 35 ccf or 90 days it is because there is some impediment to terminating the account that is outside of the Company's control (e.g. access issues). It should also be noted that the Division's Order in Docket D-10-110 simply directed the Company to include its Soft-Off policy in its Terms and Conditions of Service, and to provide for a time limit and a monthly ccf consumption limit. The Company has met these requirements in its revised tariff filing as shown in Attachment 1 and Attachment 2.

The Company had hoped to be able to continue its dialogue with the Division regarding its proposed tariff changes; however, the Company has been informed by the Division that

[2] Indeed, as noted in the Company's May 24, 2011filing, the initial trigger for a termination notification to be sent to the premise and attempts to establish an account occurs at 13 ccf in a month, which equates to $12.15 based on the then-current cost of gas.

further discussions are not necessary. Consequently, the Company is filing these reply comments as well as the attached revised tariff language that directly satisfies the Division's expressed concerns while sensibly and fairly addressing multi-tenant and lack-of-access situations. The Company urges the Commission to adopt the revised tariff language that it has proposed.

Thank you for your attention to this matter. If you have any questions, please feel free to contact me at (401) 784-7288.

Very truly yours,

Jennifer Brooks Hutchinson

Enclosures
cc: Leo Wold, Esq.
Steve Scialabba
Jim Lanni

DEFINITIONS

Service Quality Performance Fund:	Deferred account containing accumulated Service Quality adjustments.
Soft-Off	The termination of an account by the Company for billing purposes where there is no new customer of record and the actual flow of gas to the premise is not disconnected.
Supplier Costs:	Costs associated with the entitlement and purchase of natural gas.
Therm:	An amount of gas having a thermal content of 100,000 Btus.
Transportation Imbalance Revenues:	Revenues associated with daily and monthly imbalances for transportation customers, as included in the Company's Terms and Conditions of Firm Transportation.
Transporting Pipeline:	The party(s) engaged in the business of rendering transportation service of natural gas in interstate commerce subject to the jurisdiction of the Federal Energy Regulatory Commission, which are transporting gas for Marketer to a Point of Receipt of the Company.
Upstream Storage Costs:	Costs associated with the entitlement, injection, withdrawal and storage of natural gas upstream of the city-gate.
Working Capital:	Amounts required to finance the Company’s activities prior to the receipt of revenue.

GENERAL TERMS AND CONDITIONS

The Company shall undertake to furnish service to the customer for use only for his/her own purposes and only on the premises occupied through ownership or lease by the customer, except as provided below. In cases where the customer is a condominium association or the owner or manager of a commercial or residential rental property with over six (6) units, the customer may allocate the Company charges for gas service to other gas users on the premises through any reasonable means, including properly installed submetering. In such situations where the customer is allocating the Company charges for service to others, the burden is on the customer, when requested by the Company, to demonstrate that the allocated charges are no greater than the customer's bill from the Company. When allocating such charges, the customer may separately include reasonable administrative fees. Natural gas sold by the Company to authorized natural gas vehicle filling stations may be remetered or submetered by the customer for resale to another or others.

On an annual basis the Company may notify all customers that if they are the owners of property and their tenants move out, the owner must provide written notification in advance that he/she wants gas left on at that premises in his/her name. If the Company does not receive advance written notice, the service may be terminated, and the Company will not be liable for any damages to the premises resulting from the termination of gas service.

3.1 BILLING TERMINATION ("Soft-Off')

Where a Residential customer or Small Commercial and Industrial customer has requested termination of service and an estimated or actual final meter reading is recorded, the Company may utilize a "Soft-Off" termination where the account is not subject to a shut-off order or request.

GENERAL TERMS AND CONDITIONS

In the event of a termination of an account, a landlord/property owner may initiate a one-time application for service in the landlord's/property owner's name at that premise by either oral or written request in accordance with Section 1, Schedule A, Paragraph 3.0 of this tariff, provided however that where the landlord/property owner has previously provided the Company a signed agreement, the Company may record the landlord/property owner as the customer of record for that account without further authorization.

When gas consumption metered at a premise where a Soft Off termination has been implemented exceeds 13ccf in a month the Company will send a notification to the premise indicating that service will be terminated pursuant to the Commission's and Division's rules and regulations governing the termination of service if an account is not established.

Once gas consumption metered at that premise exceeds an aggregate of 35 ccf or the account is still in a "Soft-Off" status for a consecutive period of 90 days, whichever occurs first, the Company will commence a termination action for the account, provided however that where such a termination action would effect the statutory and/or termination rights of other gas customers at that location, service will be terminated at the Soft Off premise as soon as the Company is able to accomplish the termination so as not to conflict with the rights provided under the Commission and Division's rules and regulations governing the termination of service for the other customers.

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GENERAL TERMS AND CONDITIONS

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