

November 21, 2011

VIA HAND DELIVERY & ELECTRONIC MAIL

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

**RE: Docket 4269 – 2011 Distribution Adjustment Charge Filing
Response to Record Request**

Dear Ms. Massaro:

Enclosed is National Grid's¹ response to the Record Request issued at the Commission's Evidentiary Hearing on October 26, 2011 in the above-captioned proceeding.

Thank you for your attention. If you have any questions, please feel free to contact me at (401) 784-7667.

Very truly yours,



Thomas R. Teehan

Enclosure

cc: Docket 4269 Service List
Leo Wold, Esq.
Steve Scialabba

¹ The Narragansett Electric Company d/b/a National Grid.

Commission Record Request 1

Request:

Please provide the current funding percentage of the Narragansett Gas pension plan.

Response:

The funding percentage for the Narragansett Gas pension plan is 86 percent as of March 31, 2011, the Company's fiscal year end as shown on Attachment 1. This is based on pension plan assets of \$162 million at March 31, 2011 divided by pension plan liabilities, also known as the Projected Benefit Obligation (PBO), of \$188 million. As was raised during the October 26, 2011 Distribution Adjustment Charge hearing, the pension plan funding percentage was 97 percent at March 31, 2008. This decrease in the funding percentage from March 31, 2008 to March 31, 2011 is attributable to actuarial losses of approximately \$23 million that have occurred during that period. Included on Attachment 1 is an analysis of the activity of the PBO prepared by the Company's actuary starting with the balance at March 31, 2008 rolled forward to March 31, 2011. Included in the activity is a line item for actuarial losses of \$23 million. These actuarial losses are primarily due to a decrease in the discount rate from 6.5 percent at March 31, 2008 to 5.9% at March 31, 2011, a change in mortality assumptions due to longer projected life spans of plan participants, and other experience changes in the plan due to employees retiring earlier than assumed. Absent the \$23 million of actuarial losses, the PBO would be approximately \$165 million which would have resulted in a funded status of 98 percent (\$162 million divided by \$165 million) which is consistent with the 97 percent funded status at March 31, 2008. As is often the case, changes in actuarial assumptions can have greater impacts on the PBO and consequently the funded status of the plan than do cash contributions.

Prepared by or under the supervision: William Richer

Narragansett Gas Qualified FAP Pension Plan

	New England FAPP - Narr Gas
Change in Projected Benefit Obligation (PBO), 3/31/2008 - 3/31/2011	
PBO, March 31, 2008	\$ 156,943,000
Service Cost	8,529,685
Interest Cost	31,549,451
Actuarial (Gains)/Losses	22,691,190
Benefit Payments (estimated)	(35,918,205)
Plan Amendments	1,955
Special Termination Benefits	4,503,924
PBO, March 31, 2011	\$ 188,301,000
Assets, March 31, 2011*	\$ 162,390,037
Funded Status, March 31, 2011	86.2%

* Allocated on PBO