

DIVISION OF PUBLIC UTILITIES

MEMORANDUM

**TO: LULY MASSARO
CLERK**

DATE: 5/3/12

**FROM: STEPHEN SCIALABBA
CHIEF ACCOUNTANT, DPUC**

**SUBJECT: DOCKET 4271, NATIONAL GRID TARIFF ADVICE FILING TO
ELIMINATE NATURAL GAS VEHICLE SERVICE RATE NO. 70**

On August 3, 2011, National Grid (Gas) filed to eliminate its Natural Gas Vehicle Service rate as a result of the fact that the Company no longer operates the two NGV fueling stations in Rhode Island, on Allens Avenue in Providence, and Mendon Road in Cumberland. As described in the filing, National Grid has exited the business of operating NGV fueling stations, and entered into an operating agreement with Clean Energy (See the company website at www.cleanenergyfuels.com) to operate the stations. This occurred in the two Rhode Island stations, as well as eleven other NGV stations in New York and Massachusetts.

Clean Energy is a company of national scope engaged in the NGV market, and is actively engaged in trying to develop that market well beyond its present size, through the plan to build a significant number of additional NGV fueling stations nationwide, and the promotion of the economics of natural gas as a transportation fuel source.

At present the NGV customers of NGrid, who are being served by Clean Energy, pay the tariffed rate. As indicated in the responses to discovery, Clean Energy is a customer of NGrid and takes sales service as a Medium C&I customer at the Cumberland facility and as an Extra Large High Load Factor customer at the Providence facility. Upon detariffing, the Division understands that Clean Energy will provide service to NGV customers at a market price.

National Grid will earn a royalty for every Gasoline Gallon Equivalent sold by Clean Energy. The term of the Agreement between CleanEnergy and National Grid is for 5 years, and automatically renews under the same terms for two consecutive 5 year terms (see Provision 5,1 of the Agreement).

The Division has reviewed the tariff advice filing, issued discovery in the docket, and discussed the filing and the Clean Energy contractual arrangement with National Grid. The Division does not have an objection to the tariff advice filing of the Company to eliminate the Natural Gas Vehicle Tariff.