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May 25, 2006

VIA FACSIMILE AND U.S. MAIL

Luly Massaro, Commission Clerk
Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

RE: Docket No. D-06-13 Joint Petition of Southern Union Company and The
Narragansett Electric Company

Dear Ms. Massaro:

Attached is the response of Southern Union Company to Division Data Request 8-8 in the
above-referenced docket.

Thank you for your attention to this matter.

Sincerely,

Cheryl M. Kimball
Cheryl M. Kimball
R.I. Bar # 6458

Cc: Service List

Division Data Request 8-8

Request:

Please detail the impacts that the pending nature of the proposed transaction has had, or will have, on planned capital expenditures by New England Gas Company for its Rhode Island gas utility operations (e.g., is there any anticipated change in the number of miles of cast iron main replacements that will be completed during the period that this transaction is pending). The response to this request should list all planned capital projects for the current year and identify any that have been, or will be, deferred, eliminated, or reduced in scale and the reasons for those changes in planned expenditures.

Response:

Pursuant to Section 6.1 of the Purchase and Sale Agreement (Covenants of Seller), New England Gas must not make or permit any change in the general nature of the Business prior to the closing date and must maintain the Business in the ordinary course of business consistent with Good Utility Practices, which includes the continuation of capital expenditures. Consequently, Southern Union anticipates that planned capital projects will not be deferred, eliminated or reduced in scale during the period that the transaction is pending. Attachment DIV-8-8 provides the current capital budget for FY2006.

Prepared by or under the supervision of: Richard N. Marshall

**NEW ENGLAND GAS COMPANY - Rhode Island Only
CAPITAL PLAN
YEAR ENDING DECEMBER 31, 2006**

		FY 06 BUDGET
1XX RENEWALS & REPLACEMENTS		
100 Orders and Mandates	\$656,334	
110 Distribution Facilities	\$4,466,985	
120 Corrosion Control	\$288,969	
130 Leaks	\$5,307,460	
TOTAL		\$10,719,747
2XX PUBLIC WORKS PROJECTS		
200 Construction	\$3,237,126	
210 Reimbursements - Credit	-\$3,237,126	
TOTAL		-
GROWTH PROJECTS		
310 Required - Tariff, Contract, Rules of Service	\$4,922,250	
320 Strategic	\$3,027,279	
Subtotal	\$7,949,529	
900 Contributions (CIAC) - Credit	-\$2,852,712	
910 Advances - Credit		
920 Refunds		
Subtotal	-\$2,852,712	
TOTAL		\$5,096,817
4XX MEASUREMENT		
410 Facilities	\$541,602	
420 Meter/Regulator Replacements	\$4,308,448	
TOTAL		\$4,850,050
500 SYSTEM ENHANCEMENTS		\$1,255,645
8XX GENERAL PLANT		
810 Buildings, Office Equipment	\$1,554,175	
820 Vehicles, Tools, Work Equipment	\$233,700	
TOTAL		\$1,787,875
NET BUDGET		\$23,710,133
SUMMARY		
Direct Costs		\$29,799,971
210 PWP Reimbursements (CIAC) - Credit	-\$3,237,126	
900 Contributions - Credit	-\$2,852,712	
910 Advances - Credit	\$0	
920 Refunds	\$0	
Subtotal		-\$6,089,838
NET BUDGET		\$23,710,133
OTHER		
Leased Information Technology	\$21,078	
	\$2,542,748	
Subtotal		\$2,563,826
COMBINED BUDGET		\$26,273,959