

Gerald J. Petros
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May 23, 2006

John Spirito, Hearing Officer
Division of Public Utilities and Carriers
89 Jefferson Boulevard
Warwick, RI 02888

**Re: National Grid/Southern Union Acquisition
DPUC Docket No. D-06-13**

Dear Mr. Spirito:

Last Friday afternoon, Southern Union Company (“SUC”) received a copy of the letter from the Office of the Attorney General (the “Attorney General”) to you requesting an extension of the discovery deadline from May 19 to June 15. The Attorney General is asking you to “reconsider” your Scheduling Order barely a week after you entered it following a scheduling conference with all of the parties. SUC respectfully submits that the Hearing Officer should deny that request because: (1) the Attorney General has not shown “good cause” to amend the Scheduling Order and does not advance any “new” arguments to extend the schedule; (2) the Attorney General should not be permitted to invoke a delay of his own making as a basis for an extension; and (3) the discovery propounded to date by the Attorney General is not directed to legitimate subjects delineated in the May 4 intervention order.

1. The Attorney General Fails to Show “Good Cause” to Amend the Scheduling Order.

At the May 11 conference, the Hearing Officer considered the input and arguments of all parties, including the Attorney General, before entering the Scheduling Order. That Order reflects the Hearing Officer’s attempt to accommodate the parties’ interests and to achieve the vital objective of completing these hearings in a timely manner. The Hearing Officer rejected the Attorney General’s request for a more drawn-out schedule, but permitted the Attorney General to file an appropriate motion when and if circumstances warranted.

The Attorney General’s letter seeking more time, however, is not an appropriate motion for the simple reason that circumstances have not changed. The Attorney General filed its first data request on Friday, May 12, and filed a second data request at the end of the day on Friday,

John Spirito
May 23, 2006
Page 2

May 19. National Grid has already responded to the first request, SUC will respond shortly to both requests. Discovery is proceeding. The Attorney General's letter merely rehashes the same issues discussed at the May 11 conference, without any additional support. In short, nothing has occurred since the May 11 hearing that would warrant revisiting the schedule. The Attorney General has not shown "good cause" to amend the prior Order.

2. The Attorney General Delayed Serving Discovery, and Cannot Properly Invoke That Delay As A Basis For Extension.

The Attorney General moved to intervene in this proceeding on April 7, 2006, publicly proclaiming the importance of his participation. No party opposed that intervention – indeed they consented. Yet the Attorney General propounded no discovery before the intervention hearing. At the intervention hearing on April 25, once again all parties consented – on the record – to the Attorney General's intervention. Yet following the hearing, the Attorney General did not propound discovery. The Hearing Officer formally granted the Attorney General's intervention on May 4, and still the Attorney General did not serve discovery. On May 11, the Hearing Officer set a schedule. Finally on May 12, the Attorney General filed his first data request, but that data request did not seek information regarding the limited area of inquiry permitted by the Hearing Officer concerning the Tiverton matter: to seek "assurances that the proposed asset sale does not negatively impact Southern Union's ability to pay for remedial actions in the event it is found liable for any of the contamination in Tiverton." On May 19, barely one hour before the discovery deadline, the Attorney General filed his first request for discovery concerning the Tiverton matter.

This record demonstrates that the Attorney General waited until literally the last hour to file his first data request directed toward Tiverton. Against this background, the Attorney General's claim that he lacks sufficient time to pursue discovery is not credible. The Attorney General should not be permitted to invoke his own delay as a basis for an extension. The Hearing Officer should deny the requested extension.

3. The Discovery Propounded By the Attorney General Is Overbroad and Unreasonable.

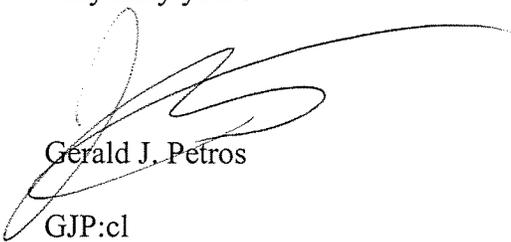
The discovery filed by the Attorney General last week confirms his assistant's statement during the scheduling conference that he intends to engage in a "fishing expedition." That discovery is largely irrelevant and overbroad. SUC will promptly meet and confer with the Attorney General's office regarding this discovery and will provide the information that is relevant to the question of whether the transaction will impact SUC's ability to respond to a potential judgment in the Tiverton matter. But even a cursory reading of the Attorney General's data requests demonstrates that his office is disregarding the limitations set forth in the intervention order, and is, for example, plunging into potential liability issues. For example, many of the Attorney General's requests seek detailed and burdensome information and documents regarding the former Fall River Gas Company's alleged liability for environmental contamination in Tiverton

John Spirito
May 23, 2006
Page 3

and SUC's related successor liability. These are the very issues the Hearing Officer ruled out of bounds in his May 4 Order. On this record, the Hearing Officer should not give the Attorney General more time and opportunity to propound discovery.

In sum, the Attorney General has not shown good cause at this time to amend the Scheduling Order entered barely 10 days ago. The Attorney General's actions to date demonstrate that he has not moved with dispatch, and that he has not limited his discovery to the issues to be determined in this proceeding. While, SUC will continue to work with the Attorney General to provide his office with all reasonable and relevant information concerning the proposed transaction, the extension request should be denied. Nevertheless, SUC will certainly meet and confer with the Attorney General if a specific request for information is made in the future and attempt to resolve any such request in good faith and without the intervention of the Hearing Officer. SUC does not object to the Attorney General reserving his rights to seek "specific information" by motion if the parties cannot reach agreement on such a request.

Very truly yours



Gerald J. Petros

GJP:cl

cc: Service List

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