

April 21, 2006

VIA HAND DELIVERY AND ELECTRONIC MAIL

Luly E. Massaro, Division Clerk
RI Division of Public Utilities & Carriers
89 Jefferson Boulevard
Warwick, RI 02888

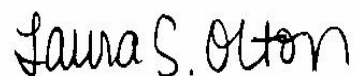
**RE: Docket D-06-13 - Joint Petition of The Narragansett Electric Company and
Southern Union Company for Approval of Purchase and Sale of Assets
Response to Division Data Request – Set 2**

Dear Ms. Massaro:

Enclosed please find six (6) copies of The Narragansett Electric Company's, d/b/a National Grid, responses to the second set of the Division's Data Requests issued on April 5, 2006, in the above-captioned proceeding. This set includes responses to Division Data Requests 2-1 through 2-9, 2-12, 2-13 and 2-15 through 2-18.

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

Very truly yours,



Laura S. Olton

Enclosures

cc: Docket D-06-13 Service List

The Narragansett Electric Company d/b/a National Grid
Docket D-06-13
Responses to Division Data Requests – Set 2
Issued on April 5, 2006

Division Data Request 2-1

Request:

Please indicate the timeframe over which Narragansett intends to implement consolidated CIS and accounting systems.

Response:

We have not yet established a timeframe for consolidation of the National Grid (“National Grid” or the “Company”) accounting and CIS systems with those of New England Gas Company (See also the response to Division Data Request 2-2). The Company has formed an integration team comprised of employees of both National Grid and New England Gas Company with the overall goal of developing a comprehensive plan to have in place prior to the completion of the merger to ensure a successful integration of the two companies. The team will be investigating, among other things, the consolidation of the companies’ core business applications, specifically, which systems to integrate, and the timing of that integration, and which systems will remain separate.

Division Data Request 2-2

Request:

With respect to consolidated billing for natural gas and electric services, please:

- a. Provide the time frame over which the consolidation of billing for natural gas and electric service into a single monthly statement is expected to be accomplished.
- b. Provide the Narragansett's best estimates of the costs it will incur to:
 - i. Modify or replace the current customer information systems used by Narragansett and New England Gas Company to accommodate consolidated billing of charges for natural gas and electric services;
 - ii. Modify current bill formats to accommodate consolidated billing of natural gas and electric services.

Response:

- a. The Company's Customer Service System ("CSS") currently bills New York gas and electric services on a single invoice. The Customer Information System ("CIS") which currently bills the Company's New England customers is not able to bill both gas and electric, but it is scheduled to migrate to CSS in 2007. However, even with that functionality available, a determination of whether it will make economic sense to send a single monthly bill for both gas and electric, as opposed to separate bills, has not yet been made.
- b. The costs have not yet been determined.

The Narragansett Electric Company d/b/a National Grid
Docket D-06-13
Responses to Division Data Requests – Set 2
Issued on April 5, 2006

Division Data Request 2-3

Request:

Please indicate the anticipated costs of re-training Narragansett customer service representatives to address natural gas customer service and billing issues.

Response:

The Company has not yet finalized plans for cross training customer service employees nor determined the associated costs.

The Narragansett Electric Company d/b/a National Grid
Docket D-06-13
Responses to Division Data Requests – Set 2
Issued on April 5, 2006

Division Data Request 2-4

Request:

Please indicate the anticipated costs of re-training New England Gas Company customer service representatives to address electric customer service and billing issues.

Response:

See the Company's response to Division Data Request 2-3.

Division Data Request 2-5

Request:

At page 8, lines 18-21, of Mr. Gerwatowski's Direct Testimony he discusses benefits to be derived from the coordination of electric and natural gas meter reading schedules. In the context of anticipated efforts to coordinate such meter reading schedules, please:

- a) Provide the percentage of customers in each rate class for each utility (i.e., Narragansett Electric and New England Gas Company) for which Automated Meter Reading (AMR) is currently employed.
- b) Provide a detailed description of the AMR systems currently used by each company and the extent of their compatibility.
- c) Provide Narragansett's best estimates of the costs that will be required to reprogram, replace or otherwise modify existing AMR equipment to accommodate the reading of both gas and electric meters with a single pass.
- d) Provide the percentage of current Narragansett customers in each rate classification that also use natural gas service currently provided by New England Gas Company.
- e) Provide the number of customers in each rate class for each utility who utilize both natural gas and electric service and do not have AMR equipment installed for:
 - i) Metering their natural gas service
 - ii) Metering their electric service
 - iii) For either their natural gas or electric service

Response:

- a) For Narragansett Electric, the percentage of customers in each rate class having AMR meters is as follows:

A-16 (Basic Residential)	94.4%
A-60 (Low Income Residential)	94.7%
C-06 (Small C&I)	62.3%
E-30 (Residential Storage Heat)	0.0%
E-40 (Storage Cooling)	0.0%
G-02 (General C&I)	0.1%
G-32 (200 kW Demand Rate)	0.0%
G-62 (3000 kW Demand Rate)	0.0%

Division Data Request 2-5 (con't)

R-02 (Limited Traffic Signal)	0.0%
S-10 (Limited Private Lighting)	0.0%
S-14 (General Streetlighting)	0.0%
T-06 (Limited Service All-Electric)	34.1%
M-1 (Station Power)	0.0%
X-01 (Electric Propulsion)	0.0%

For New England Gas Company, the percentage of customers in each rate class having AMR meters will be provided under separate cover.

- b) New England Gas Company (“NE Gas”). NE Gas employs an Itron MAMR (Mobile AMR) drive by meter reading system. Itron’s MVRs 7.0 version software is used to read approximately 184,600 gas meters equipped with Itron gas ERT (Encoder Recorder Transmitter) modules. These meters are sent a wake up tone and then transmit their readings. AMR vehicles drive by and collect the readings. NE Gas’s mainframe system creates daily files that are imported into the MVRs system and from there AMR routes are created. After the routes are read they are uploaded to MVRs; billing/upload files are created and sent to the mainframe. Twenty-one meter reading cycles are used by NE Gas. NE Gas uses the following Itron MAMR equipment: Mobile Collector (1); Data Control Unit (2); DataPak (1); and G5R radio equipped handhelds (5). The handhelds are used to read customer moves; not for actual AMR routes.

National Grid. National Grid employs an Itron MAMR (Mobile AMR) drive by meter reading system. Itron’s PP4 2.8 version software is used to read approximately 441,500 electric meters equipped with Itron electric ERT (Encoder Recorder Transmitter) modules. Some of these meters are sent a wake up tone and then transmit their readings; while others continually transmit readings. AMR vehicles drive by and collect the readings. National Grid’s mainframe system creates daily files that are imported into the PP4 system and from there AMR routes are created. After the routes are read they are uploaded to PP4; billing/upload files are created and sent to the mainframe. Twenty-one meter reading cycles are used by National Grid. National Grid uses the following Itron MAMR equipment: Mobile Collector (2); and Data Control Unit (1).

Even though the systems are very similar, they utilize different software that is not currently compatible.

- c) Existing AMR equipment would not need to be reprogrammed, replaced or modified in order to read both gas and electric meters with a single pass. Although gas and electric meters transmit on different tones, Itron MAMR equipment can read both tones at the same time. In order for this to work, NE

The Narragansett Electric Company d/b/a National Grid
Docket D-06-13
Responses to Division Data Requests – Set 2
Issued on April 5, 2006

Division Data Request 2-5 (con't)

- d) Gas and National Grid would need to convert to both one mainframe and Itron Meter Reading system. The IT costs for this have not yet been determined.
- e) National Grid does not have access to New England Gas Company's customer data base and cannot provide this information.
- f) See the response to part d).

Division Data Request 2-6

Request:

After completion of the proposed Purchase and Sale of Assets, will natural gas service customers with delinquent accounts be potentially subject to having their electric service terminated as a result of arrearages in their natural gas bills? If not, please explain the payment policies that Narragansett intends to employ for natural gas and electric service:

- a) Prior to the implementation of consolidated billing for natural gas and electric service
- b) Subsequent to the implementation of consolidated billing for natural gas and electric service

Response:

The Company proposes to file a comprehensive rate plan within six months of the approval of the merger between National Grid and New England Gas Company. (See the testimony of Ronald T. Gerwatowski, page 24) It is anticipated that issues related to collections and terminations will be addressed in the context of that proceeding, consistent with any pre-existing regulatory requirements.

In the meantime, the Company will not terminate electric service due to arrearages on natural gas bills.

Division Data Request 2-7

Request:

Please provide greater detail regarding the manner in which Narragansett anticipates that its acquisition of New England Gas Company's Rhode Island assets will reduce the administrative costs of regulation.

- a) Identify specific activities by the Commission and/or the Division that will be significantly reduced or avoided.
- b) Identify all current reporting requirements to state and/or federal regulatory agencies that will no longer be necessary for Narragansett Electric Company.
- c) Identify all current reporting requirements to state and/or federal regulatory agencies that are currently required of New England Gas Company that will no longer be necessary when Narragansett assumes responsibility for those activities.

Response:

- a) The Company has not done any analysis of how the acquisition will specifically reduce the administrative costs of regulation. However, as a general matter, the two largest regulated utilities in Rhode Island are National Grid and New England Gas Company. Once these two companies are reduced to one, we believe it should reduce some administrative costs of regulation due to the avoidance of duplicative interaction between the Company and our regulators relating to issues that affect both the gas and electric business in a similar manner.
- b) The Company has not performed any review to determine how many reporting requirements would be reduced for Narragansett or the gas operations subsequent to the merger.
- c) See (b) above.

The Narragansett Electric Company d/b/a National Grid
Docket D-06-13
Responses to Division Data Requests – Set 2
Issued on April 5, 2006

Division Data Request 2-8

Request:

Please provide a detailed comparison of Narragansett's current administrative cost structure with that for New England Gas Company and quantify differences in the annual costs per unit of service that will result when Narragansett's administrative cost structure is applied to the current New England Gas Company operations.

Response:

We have not yet performed any such analysis. See the Company's response to Division Data Request 1-9 for information regarding the identification of synergies and savings related to the merger.

The Narragansett Electric Company d/b/a National Grid
Docket D-06-13
Responses to Division Data Requests – Set 2
Issued on April 5, 2006

Division Data Request 2-9

Request:

Please explain in detail, and to the maximum extent practicable quantify, how the impacts of the proposed acquisition of New England Gas Company assets will impact the magnitude and structure of Narragansett's corporate administrative and overhead costs.

Response:

No detailed analysis of the expected impact on National Grid's corporate administrative and overhead costs has been performed. See the Company's response to Division Data Request 1-9 for more information on the estimated synergy savings of the merger.

Division Data Request 2-12

Request:

Re: page 10, lines 17 through page 11, line 3, of Mr. Gerwatowski's Direct Testimony. Please identify:

- a) The changes, if any, that will be required in earnings sharing calculations:
 - i) For Narragansett's Electric operations
 - ii) For Narragansett's newly acquired gas operations
- b) The capital structure that will be used in earnings sharing calculations for each utility after the transaction is completed.

Response:

- a) i) The Company does not anticipate that any changes to the capital structure or to the earnings sharing calculation currently in effect under Narragansett's rate plan approved in Docket No. 3617 will be necessary.

ii) The rate plan currently in effect for New England Gas Company customers, approved by the Commission in Docket No. 3401, will remain in effect upon the completion of the merger. The Company has proposed filing a comprehensive rate plan for New England Gas Company within six months of the approval of the merger of the two companies. It is anticipated that any issues relating to capital structure and to the earning sharing mechanism will be addressed in that proceeding.
- b) See the response to part a).

The Narragansett Electric Company d/b/a National Grid
Docket D-06-13
Responses to Division Data Requests – Set 2
Issued on April 5, 2006

Division Data Request 2-13

Request:

Re: page 10, lines 17 through page 11, line 3, of Mr. Gerwatowski's Direct Testimony. Please provide the data and analyses upon which Narragansett relies to determine that savings in administrative and general costs and operating expenses produced by the transaction will more than offset the added costs to be incurred to consolidate the Narragansett Electric Company and New England Gas Company operations.

Response:

The Company has not performed a detailed analysis to quantify the savings in administrative and general costs and operating expenses as a result of the merger. However, based on our own integration experience and that of others, we estimated a cost to achieve of roughly two (2) times the annual synergy savings.

Division Data Request 2-15

Request:

Re: page 11, lines 7-10, of Mr. Gerwatowski's Direct Testimony. Please provide:

- a) A detailed estimate (include supporting workpapers and assumptions) of the magnitude of the dollar savings in regulatory costs for the Division and the Commission that will result from the proposed consolidation of Narragansett and New England Gas Company operations.
- b) Examples of specific statewide energy policies that the consolidation of New England Gas and Narragansett Electric operations will facilitate.

Response:

- a) Please see the response to 2-7. The Company has not performed an analysis of the expected savings in regulatory costs for the Division and Commission resulting from the merger of National Grid and New England Gas Company.
- b) Two examples might be customer termination and billing regulations and low income customer programs that may be more easily administered when both services are provided by a single entity.

Division Data Request 2-16

Request:

Re: page 11, lines 12-17, of Mr. Gerwatowski's Direct Testimony, please:

- a) Explain in detail how having "more personnel and equipment available" will improve storm response and response to other emergencies.
- b) Indicate whether the assertion of improved storm response is premised on an assumption that field service personnel will be cross-trained such that current New England Gas Company personnel will become qualified to perform electric system repairs and/or current Narragansett field service personnel will be cross-trained to perform gas system repairs. If yes, please provide Narragansett's best estimates of:
 - i) The number of personnel who will be cross-trained to perform service on both electric and natural gas equipment and facilities
 - ii) The time required to cross-train field service personnel to repair both natural gas and electrical equipment and facilities
 - iii) The costs of: (1) cross-training current electric field service personnel to perform service on natural gas system facilities and equipment and (2) cross-training current gas company employees to perform service on electric system facilities and equipment.
- c) Identify any legal and/or contractual limitations on Narragansett's ability to use natural gas system personnel to perform electric system repairs;
- d) Identify any legal and/or contractual limitations on the use of current electric system personnel to perform natural gas system repairs.
- e) Is it Narragansett's position that in response to storms or other emergencies it is reasonable and appropriate to:
 - i) Use gas system personnel to perform electric system repairs even if they have not been properly trained and certified in advance as qualified to perform such work.
 - ii) Use electric system personnel to perform gas system repairs even if they have not been properly trained and certified in advance as qualified to perform such work.

Division Data Request 2-16 (con't)

Response:

- a) The Company's staffing levels during normal operations are often not adequate to respond to the number of outages that occur during storms or other emergencies. It is often necessary to require Company field personnel to work long overtime hours, or to hire contract crews or crews from neighboring utilities to assist in the repairs. Having New England Gas Company employees available to assist in emergency situations, when properly trained, will allow the Company to respond more quickly and efficiently than is presently possible.
- b) Although it is desirable from the Company's perspective to have field personnel qualified to perform both electric and gas system repairs, no decisions have yet been made regarding the number of employees who will be trained, or the timing and cost of that training.
- c) That information is not currently available. As part of the integration plan, the Company will review the current labor contracts of both the National Grid and New England Gas Company unions to identify any parts of the agreements that may affect the Company's ability to cross train employees.
- d) See the response to part c)
- e) No.

Division Data Request 2-17

Request:

Re: page 11, lines 16-17, of Mr. Gerwatowski's Direct Testimony, please provide the basis or manner employed to determine whether:

- a) The personnel presently employed by New England Gas Company constitute the "best possible talent" for that company's operations.
- b) The personnel presently employed by Narragansett Electric Company constitute the "best possible talent" for the Company's electric operations.

Response:

The Company has not performed any analyses related to the staffing requirements of the combined companies. The statement in the testimony to which this request refers is intended to imply that expansion of the Company's service territory will also give us access to an expanded labor market. The consolidation of the operations of New England Gas Company with National Grid's gas and electric operations will allow for the sharing of best practices and the most efficient allocation of labor resources.

The Narragansett Electric Company d/b/a National Grid
Docket D-06-13
Responses to Division Data Requests – Set 2
Issued on April 5, 2006

Division Data Request 2-18

Request:

If Narragansett assesses that either or both companies do not presently have the “best possible” staffing for the tasks that each must perform, cite the specific personnel improvements that have been identified and could be achieved.

Response:

The Company has not yet performed a detailed review of the staffing requirements of the combined companies, but will address these issues as part of the comprehensive integration plan currently under development by the integration team.

Certificate of Service

I certify that a copy of the cover letter and materials accompanying this certificate were mailed or hand-delivered to the parties listed below:



Joanne M. Scanlon
National Grid

April 21, 2006
Date

National Grid & Southern Union - Docket D-06-13 Updated Service List as of 04/21/06

Name/Address	E-mail Distribution	Phone/FAX
Laura S. Olton, General Counsel Narragansett Electric Co., d/b/a National Grid 280 Melrose Street Providence, RI 02907	laura.olton@us.ngrid.com	401-784-7667 401-784-4321
	Joanne.scanlon@us.ngrid.com	
Thomas G. Robinson, Esq. Narragansett Electric Co., d/b/a National Grid 25 Research Drive Westborough, MA 01582	Thomas.robinson@us.ngrid.com	508-389-2877
	Ronald.Gerwatowski@us.ngrid.com	
For New England Gas Co.: Cheryl Kimball, Esq. Keegan, Werlin & Pabian LLP 21 Custom House St. Boston, MA 02110	ckimball@keeganwerlin.com	617-951-1400 617-951-1354
	Rkeegan@keeganwerlin.com	
Kevin Penders, Esq. Manager, Regulatory Relations New England Gas Co. 100 Weybosset St. Providence, RI 02903	Kevin.Penders@negasco.com	401-272-5040 401-751-0698
For New England Gas Co.: Gerald J. Petros, Esq. Hinckley, Allen & Snyder LLP 1500 Fleet Center Providence, RI 02903	gpetros@haslaw.com	401-274-2000 ext. 5666 401-277-9600
For the Division of Public Utilities Advocacy: Leo Wold, Esq. Dept. of Attorney General 150 South Main St. Providence RI 02903	lwold@riag.ri.gov	401-222-2424 401-222-3016
	RDIMeglio@riag.ri.gov	
	sscialabba@ripuc.state.ri.us	

For the Dept. of Attorney General: William Lueker, Esq. Dept. of Attorney General 150 South Main Street Providence, RI 02903	Wlueker@riag.ri.gov	401-222-2424 401-222-3016
Adrienne G. Southgate, Deputy City Solicitor Law Department City of Providence 275 Westminster Street, Suite 200 Providence RI 02903	asouthgate@providenceri.com	401- 421-7740 Ext. 333
For the City of East Providence: W. Mark Russo, Esq. Ferrucci Russo P.C. 55 Pine St., 4 th Floor Providence, RI 02903	mrusso@frlawri.com wsmith@frlawri.com	401-455-1000 401-455-7778
Brian A. Wagner, Deputy Chief Legal Counsel RI Dept. of Environmental Management Office of Legal Services 235 Promenade St., 4th Flr. Providence, RI 02908	Brian.wagner@dem.ri.gov	401-222-6607 401 222-3378
For United Steel Workers Union Local 12431: Richard M. Peirce, Esq. Roberts, Carroll, Feldstein & Pierce Ten Weybosset St. – 8 th Floor Providence, RI 02903	rpeirce@rcfp.com	401-521-7000 401-521-1328
For the Town of Tiverton: Andrew M. Teitz, Esq. Ursillo, Teitz and Rich, Ltd. 2 Williams St. Providence, RI 02903-2918	zoning@utrlaw.com	401-331-2222 401-751-5257
John Farley, Executive Director The Energy Council of RI One Richmond Square Suite 340D Providence RI 02906	jfarley316@hotmail.com	401-621-2240 401-621-2260
For The Energy Council of RI: Michael McElroy, Esq. Schacht & McElroy PO Box 6721 Providence RI 02940-6721	McElroyMik@aol.com	401-351-4100 401-421-5696
For the George Wiley Center: B. Jean Rosiello, Esq. 340 Olney St. Providence, RI 02906	jeanrosiello@cox.net	401-751-5090 401-751-5096
For Residents of Tiverton: Robert J. McConnell, Esq. Motley Rice LLC 321 South Main Street Providence, RI 02940	rmcconnell@motleyrice.com	401-457-7700
For Residents of Tiverton: David C. Strouss, Esq. Thornton & Naumes LLP 100 Summer St., 30 th Floor Boston, MA 02110	dstrouss@tenlaw.com	617-720-1333

For Residents of Tiverton: Mark W. Roberts, Esq. McRoberts, Roberts & Rainer 53 State St. Boston, MA 02109	mroberts@mcrobertslaw.com	617-722-8222
John Spirito, Esq. Division of Public Utilities & Carriers 89 Jefferson Blvd. Warwick, RI 02888	jspirito@ripuc.state.ri.us	401-780-2152 401-941-9207
For Division of Public Utilities Advocacy: Bruce Oliver Revilo Hill Associates 7103 Laketree Drive Fairfax Station VA 22039	Boliver@cox.net	
For Division of Public Utilities Advocacy: David J. Effron Berkshire Consulting 12 Pond Path North Hampton, NH 03862-2243	Djeffron@aol.com	
File an original & five (5) copies w/: Luly E. Massaro, Division Clerk Division of Public Utilities & Carriers 89 Jefferson Blvd. Warwick, RI 02888	Lmassaro@puc.state.ri.us	401-780-2107 401-941-1691