

May 18, 2006

**VIA HAND DELIVERY & ELECTRONIC MAIL**

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

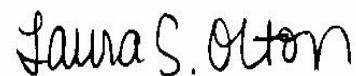
**RE: Docket D-06-13 - Joint Petition of The Narragansett Electric Company and Southern Union Company for Approval of Purchase and Sale of Assets  
Responses to Division Data Requests 6-8 and 6-10**

Dear Ms. Massaro:

Enclosed please find five (5) copies of responses from The Narragansett Electric Company, d/b/a National Grid, to the sixth set of data requests issued by the Division on May 8, 2006, in the above-captioned proceeding. This set includes responses to data requests 6-8 and 6-10.

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

Division Data Request 6-8Request:

Please provide costs incurred by National Grid USA to date in association with the proposed purchase and sale of assets. The response should include a description of the costs, the months when the costs were incurred, the accounts to which the costs were charged, an explanation of how the costs are tracked, and the amounts of such costs (if any) assigned to Narragansett Electric Company.

Response:

The costs incurred for the period March 2006 through April 30, 2006 by National Grid in association with the proposed purchase of New England Gas Company's ("NEGAS") Rhode Island assets are as follows:

<b>Description</b>	<b>FERC Account</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>Total</b>
Payroll (Including Benefits & Overheads)	920, 925, 926, 408	\$10,546	\$36,713	\$182,093	\$229,352
Employee Expenses	921		\$1,632	\$7,060	\$8,692
Supplies	921		\$11,078	\$4,115	\$15,193
Miscellaneous	930	\$3,511	\$8,229		\$11,740
Regulatory Comm'n Expenses	928	\$237	\$1,785		\$2,022
Consultant/Legal	186		\$250,902	\$925,457	\$1,176,359
<b>Total</b>		<b>\$14,294</b>	<b>\$310,339</b>	<b>\$1,118,725</b>	<b>\$1,443,358</b>

National Grid's accounting department has established specific project numbers to be used to track costs associated with the pre-acquisition activities. Employees working on due diligence, negotiations, integration and regulatory matters relating to the transaction are directed to charge their time to one of these project numbers. Costs associated specifically with integrating the operations of NEGAS with Narragansett are considered integration related expenses. The Company has not yet made a determination of the amount that will ultimately be assigned directly to Narragansett. The remaining costs are transaction related costs. Transaction costs include costs associated with obtaining regulatory approval or expenditures made in connection with gaining shareholder approval for the transaction and are tracked separately from integration costs.

The Narragansett Electric Company, d/b/a National Grid

D-06-13

Responses to Division Data Requests – Set 6

Issued on May 8, 2006

Division Data Request 6-8 (con't)

These costs are charged to a deferred balance sheet account and will become part of the costs to acquire NEGAS assets.

Prepared by or under the supervision of: Ronald T. Gerwatowski

Division Data Request 6-10

Request:

Please provide the costs associated with the proposed purchase and sale of assets that National Grid USA expects to incur from the present until closing. The response should describe the costs, the accounts to which the expected costs will be charged, and the extent to which costs will be assigned to Narragansett Electric Company.

Response:

Additional integration and transaction costs expected to be incurred from May 2006 until the closing of the proposed purchase of NEGAS in August 2006 include:

Payroll/Benefits	\$400,000
Powerplant data transfer	\$120,000
IT vulnerability assessment	\$60,000
Verizon (T1 Line)	\$15,000
Financial Systems Configuration	\$100,000
Security Equipment	\$50,000
Legal	\$225,000

The Company expects to charge these costs to accounts in a similar manner to those presented in Division Data Request 6-8.

## **Certificate of Service**

I hereby 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

Date: May 18, 2006

### **National Grid & Southern Union - Docket D-06-13 Updated Service List as of 5/15/06**

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<b>File an original &amp; four (4) copies w/:</b> Luly E. Massaro, Division Clerk Division of Public Utilities & Carriers 89 Jefferson Blvd. Warwick, RI 02888	<a href="mailto:Lmassaro@puc.state.ri.us">Lmassaro@puc.state.ri.us</a>	401-780-2107 401-941-1691