

March 21, 2014

VIA HAND DELIVERY & ELECTRONIC MAIL

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

**RE: Docket D-14-20 - Town of New Shoreham Project
Transmission Facilities Purchase Agreement
Responses to Division Data Requests – Set 1**

Dear Ms. Massaro:

Enclosed are five (5) copies of National Grid's¹ responses to the Division's First Set of Data Requests in the above-referenced proceeding.

Thank you for your attention to this transmittal. If you have any questions, please contact me at 401-784-7288.

Very truly yours,



Jennifer Brooks Hutchinson

cc: Thomas Ahern, Administrator
Steve Scialabba, Division
John Spirito, Esq.
Jon Hagopian, Esq.

¹ The Narragansett Electric Company d/b/a National Grid.

Division 1-1

Request:

In the last paragraph of page 3 of the filing letter, it states that:

"In addition, National Grid has agreed to pay for fifty percent of the actual out-of-pocket litigation expenses incurred by Deepwater and its affiliate, Deepwater Wind Block Island, LLC ("DWBI") up to a maximum of \$50, 000 and without any additional development fee."

a) What litigation is pending or expected regarding this project? Please describe. Is it only the appeal of the Submerged Land Lease granted by the Rhode Island Coastal Management Resources Council?
No litigation is currently pending or explicitly expected at this time with respect to the project. Section 3(b) of the Transmission Facilities Purchase Agreement (the "Agreement") provides that the Company will pay 50% of the actual out-of-pocket expenses incurred by Deepwater Water Wind Block Island Transmission, LLC ("DWBIT") and Deepwater Wind Block Island, LLC ("DWBI") up to a maximum of \$50,000 (unless the Company consents, in its sole discretion, to a different amount) in an appeal of the Submerged Land Lease granted by the Rhode Island Coastal Management Resources Council ("CRMC"). The Company is not required to reimburse DWBIT or DWBI for other litigation expenses not related to an appeal of the Submerged Land Lease.

b) Is the cap on NGRID's share of litigation expense of \$50,000 included in the capped closing costs of \$9,486,289 shown in schedule 3?

No, the \$50,000 is not included in the capped closing costs because the Company only has an obligation to pay 50% of the out-of-pocket costs related to an appeal of the CRMC's grant of the Submerged Land Lease in the event that there actually is an appeal, which may not occur. The \$9,486,289 shown in Schedule 3 of the Agreement is the maximum purchase price for the Assets that DWBIT will transfer to the Company at the closing.

Division 1-1, page 2

- c) Section 3 of the Transmission Facilities Purchase Agreement appears to state that the \$50,000 is not included in the capped closing cost. Please clarify.

cost of assets	\$8,334,782 including development fee through 1/31/2013
real estate	\$374,838
expense adj	\$776,669 2/1/2013 to closing including development fee for up to 6 mos
total	\$9,486,289

The statement in 1 (c) is correct. The \$50,000 cap for an appeal of the Submerged Land Lease is not included in the capped closing costs. Section 3(b) of the Agreement provides that the \$50,000 is in addition to the expense adjustment cap of \$776,669. See also the Company's response to 1 (b) above.

The Narragansett Electric Company
d/b/a National Grid
Division Docket No. D-14-20
In Re: Town of New Shoreham Project
Transmission Facilities Purchase Agreement
Responses to Division's First Set of Data Requests
On March 19, 2014

Division 1-2

Request:

Please state what the maximum price NGRID will pay under this agreement. Is it \$9,486,289 or \$9,486,289 + \$50,000? Or is it some other number? If it is the latter, please provide the absolute maximum amount and the basis for it.

Response:

The Company recognizes that the total potential monetary obligation under the Agreement is \$9,486,289 + \$50,000; however, as stated in 1 (b), above, the maximum purchase price that the Company will pay DWBIT for the Assets at closing is \$9,486,289. The additional \$50,000 cap is intended to explicitly allocate the costs and the risk of potential litigation associated with an appeal of the Submerged Land Lease granted by CRMC, should such an appeal actually occur. For this reason, the Company views this payment for litigation expense as separate and distinct from the purchase price for the Assets. In requesting that the Division consent to the Company's execution of the Agreement, as set forth in its March 13, 2014 transmittal letter, the Company is requesting that the Division consent to the maximum purchase price of \$9,486,289, as well as all of the other terms of the Agreement, including, without limitation, the litigation cost-sharing provision in Section 3(b) of the Agreement.

Division 1-3

Request:

Section 8(a)(i) of the Transmission Facilities Purchase Agreement reads as follows:

"Transmission Facilities Cost Allocation Agreement among National Grid, New England Power Company ("NEP ") and Block Island Power Company ("BIPCO") to allocate the Purchase Price and the cost of developing, constructing and operating the Transmission Facilities (collectively, the "Transmission Facilities Costs") between National Grid and BIPCO as provided in R.I.G.L. § 39-26.1-7, unless such Transmission Facilities Costs are allocated among National Grid, NEP and BIPCO pursuant to the Transmission Service Agreement described in clause (v) below."

Does such a cost allocation agreement presently exist? If so, please provide a copy of the Transmission Facilities Cost Allocation Agreement among National Grid, New England Power Company ("NEP") and Block Island Power Company ("BIPCO").

Response:

No, a Transmission Facilities Cost Allocation Agreement, as described in Section 8(a)(i) of the Agreement does not presently exist. It is intended that Block Island Power Company's ("BIPCO") cost allocation will be documented in BIPCO's Local Network Service Agreement with New England Power.