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PUBLIC UTILITIES COMMISSION

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November 9, 2005

VIA HAND DELIVERY

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

RE: Docket No. 3690, Earnings Sharing Mechanism and Distribution Adjustment Charge Filing

Dear Ms. Massaro:

Enclosed please find New England Gas Company's ("Company") responses to the following data requests issued by the Rhode Island Public Utilities Commission ("Commission") and the Rhode Island Division of Public Utilities and Carriers ("Division"):

COMM 2-05  
COMM 3-01 through 3-07  
DIV 2-01 through 2-05, 2-13 through 2-17

Please note that COMM 3-01 contains confidential information that relates to the personal interests of certain of the Company's employees. Therefore, along with this response, the Company is filing a Motion for Confidentiality seeking protective treatment from the Commission of the information contained therein. In addition, the Commission has not yet had the opportunity to rule on the Company's objection to DIV 2-06 through 2-09, and therefore, the Company has not provided answers to these questions. However, we would like to note that we are currently working with the Division to elucidate issues relating to these responses.

Thank you for your attention to this filing.

Sincerely,

*Cheryl M. Kimball (kff)*

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

Enclosure

cc: Luly Massaro, Commission Clerk (nine copies)  
Service List, Docket No. 3690

New England Gas Company  
Docket No. 3690

Record Request and Response

**Requestor:** Commission  
**Respondent:** Peter Czekanski  
**Issue Date:** October 4, 2005

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- Q. COMM 2-05** NEGas' three-year distribution rate freeze has expired and gas costs have increased. Would the shareholders agree to increase the funding for LIHEAP without increasing the DAC or distribution rates in order to increase the percentage of funds that go to LIHEAP from NEGas overall rates to equal the percentage that existed in July 1, 2002? As a result, distribution revenues would decrease and there would be less earning sharing for ratepayers and shareholders.
- A. COMM 2-05** New England Gas acknowledges the impact that current gas costs has on customers, especially those customers who meet the LIHEAP guidelines. As such, the Company would be willing to work with the Commission and the Division to develop a plan to increase the LIHEAP matching funds without increasing costs to our ratepayers and our shareholders.

**New England Gas Company  
Docket No. 3690**

**Record Request and Response**

**Requestor:** Commission

**Respondent:** Robert J. Riccitelli

**Issue Date:** October 13, 2005

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- Q. COMM 3-01** Please supplement the response to Commission 1-5 by showing the requested information for each position. Provide your response in the same format, and fill in the information for each position.
- A. COMM 3-01** This material has been redacted and provided under confidential seal pending the Commission's ruling on the Company's Motion for Confidentiality.

New England Gas Company  
Docket No. 3690

Record Request and Response

**Requestor:** Commission  
**Respondent:** Robert J. Riccitelli  
**Issue Date:** October 13, 2005

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**Q. COMM 3-02** Referring to the responses to Commission 1-6, 1-7, and 1-8, is the following a correct statement:

**The only Management Incentive is one based on safety and customer service, and 100% of the Management Incentive payment was excluded from expense in calculating the earnings subject to sharing.**

**If this statement is not correct, please explain all management incentives, show the total expense for each incentive, and the amount excluded from the sharing calculation for each incentive.**

**A. COMM 3-02** The statement above is correct. The Company excluded 100% of the Management Incentive.

**New England Gas Company  
Docket No. 3690**

**Record Request and Response**

**Requestor:** Commission  
**Respondent:** Robert J. Riccitelli  
**Issue Date:** October 13, 2005

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**Q. COMM 3-03** Referring to the responses to Commission 1-12, the response shows that the correct amount of insurance cost for fiscal year 2003 was \$1.355 million and the correct amount of insurances cost for fiscal year 2004 was \$1.255 million. In light of the information provided, please respond to the question asked in Commission 1-12:

**Property Insurance (Account 924) decreased from \$1.3 million (as adjusted in Company data response 2-8 in Docket 3548) to \$830,000 in fiscal year 2005. This represents a decrease of 470,000 or 36%. Explain the reasons for the decrease in this account.**

**A. COMM 3-03** The adjusted insurance expense for FY2004 was \$1,254,842 and the FY2005 amount was \$830,943, which represents a variance of \$423,899. The Company's FY2004 premium was decreased by \$210,000 during FY2005 as a result of the annual audit performed by the insurance company/broker. The remaining variance is the result of lower insurance premiums based on the deductible and experience factors.

**New England Gas Company  
Docket No. 3690**

**Record Request and Response**

**Requestor:** Commission  
**Respondent:** Robert J. Riccitelli  
**Issue Date:** October 13, 2005

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**Q. COMM 3-04** Referring to the responses to Commission 1-20, the increase of \$2.5 million in the accrued liability for post-retirement benefits (FAS 106 costs) results from \$3.2 million of expense offset by payments of \$740,000.

**How does the Company determine the payment amount that it will make to the pension funds each year?**

**Why doesn't the payment amount relate to the booked liability amount?**

**A. COMM 3-04** Decisions as to the amount contributed on an annual basis are derived from a number of different variables that include, but are not limited to, ERISA tax deductibility, increases in contribution levels, opportunity costs for use of cash, borrowing rates and the existing level of debt, as well as the anticipated rate of return on plan assets.

The liability amount is booked in accordance with FAS 106. As stated above the Company uses various factors to determine the amount it funds. However, the Company contributes no less than the minimum amount required by law.

**New England Gas Company  
Docket No. 3690**

**Record Request and Response**

**Requestor:** Commission  
**Respondent:** Robert J. Riccitelli  
**Issue Date:** October 13, 2005

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**Q. COMM 3-05** Referring to the responses to Commission 1-21, the increase of \$2.8 million in the accrued liability for pension costs results from \$3.4 million accrued pension in the Actuary Report offset by payments of \$600,000.

**How does the Company determine the payment amount that it will make to the pension funds each year?**

**Why doesn't the payment amount relate to the accrued liability amount?**

**A. COMM 3-05** Decisions as to the amount contributed on an annual basis are derived from a number of different variables that include, but are not limited to, ERISA tax deductibility, increases in contribution levels, opportunity costs for use of cash, borrowing rates and the existing level of debt, as well as the anticipated rate of return on plan assets.

The liability amount is booked in accordance with FAS 87. As stated above the Company uses various factors to determine the amount it funds. The Company contributes no less than the minimum amount required by law.

Name of Respondent <b>New England Gas Company, A Division of Southern Union Co</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>June 30, 2005</b>	Year of Report <b>June 30, 2005</b>
Rhode Island Location			

**COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)**

Line No.	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (in dollars) (c)	Balance at End of Previous Year (in dollars) (d)
1	<b>UTILITY PLANT</b>			
2	Utility Plant (101-106,114)	200-201	809,424,484	793,520,490
3	Construction Work in Progress (107)	200-201	12,941,629	5,850,652
4	<b>TOTAL Utility Plant (Total of Lines 2 and 3)</b>	200-201	<b>822,366,113</b>	<b>799,371,142</b>
5	(Less ) Accum. Provision for Depr., Amort., Depl. (108, 111, 115)		(241,811,930)	(223,755,018)
6	<b>Net Utility Plant (Total of line 4 less 5)</b>		<b>580,554,183</b>	<b>575,616,124</b>
7	Nuclear Fuel (120.1 thru 120.4, and 120.6)			
8	(Less ) Accum. Provision for Amort., of Nuclear Fuel Assemblies (120.5)			
9	<b>Nuclear Fuel (Total of line 7 less 8)</b>			
10	<b>Net Utility Plant (Total of Lines 6 and 9)</b>		<b>580,554,183</b>	<b>575,616,124</b>
11	Utility Plant Adjustments (116)			
12	Gas Stored - Base Gas (117.1)	122		
13	System Balancing Gas (117.2)	220		
14	Gas Stored in Reservoirs and Pipelines - Noncurrent (117.3)	220		
15	Gas Owned to System Gas (117.4)	220		
16	<b>OTHER PROPERTY AND INVESTMENTS</b>			
17	Nonutility Property (121)			
18	(Less ) Accum. Provision for Depreciation and Amortization (122)			
19	Investments in Associated Companies (123)	222-223	117	117
20	Investments in Subsidiary Companies (123.1)	224-225		
21	(For Cost of Account 123.1 See Footnote Page 224, line 40)			
22	Noncurrent Portion of Allowances			
23	Other Investments (124)	222-223	49,286	411,634
24	Special Funds (125 thru 128)			
25	<b>TOTAL Other Property and Investments (Total of lines 17-20, 22-24)</b>		<b>49,403</b>	<b>411,751</b>
26	<b>CURRENT AND ACCRUED ASSETS</b>			
27	Cash (131)		907,393	383,150
28	Special Deposits (132-134)			
29	Working Funds (135)		6,996	8,724
30	Temporary Cash Investments (136)	222-223		
31	Notes Receivable (141)			(19,547)
32	Customer Accounts Receivable (142)		61,248,903	51,468,852
33	Other Accounts Receivable (143)		878,526	685,785
34	(Less ) Accum. Provision for Uncollectible Accounts - Credit (144)		(7,101,767)	(5,301,934)
35	Notes Receivable from Associated Companies (145)			
36	Accounts Receivable from Associated Companies (146)		317,844,805	209,209,747
37	Fuel Stock (151)		398,679	372,644
38	Fuel Stock Expenses Undistributed (152)			
39	Residuals (Elec) and Extracted Products (Gas) (153)			
40	Plant Materials and Operating Supplies (154)		1,663,895	1,482,021
41	Merchandise (155)			
42	Other Materials and Supplies (156)			
43	Nuclear Materials Held for Sale (157)			



Name of Respondent <b>New England Gas Company, A Division of Southern Union Co</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>June 30, 2005</b>	Year of Report <b>June 30, 2005</b>
Rhode Island Location			

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) (Continued)

Line No.	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (in dollars) (c)	Balance at End of Previous Year (in dollars) (d)
44	Allowances (158.1 and 158.2)			
45	(Less) Noncurrent Portion of Allowances			
46	Stores Expense Undistributed (163)		71	
47	Gas Stored Underground - Current (164.1)	220	16,007,288	12,189,350
48	Liquefied Natural Gas Stored and Held for Processing (164.2 thru 164.3)	220	4,922,766	4,542,432
49	Prepayments (165)	230	41,841,873	33,644,071
50	Advances for Gas (166 thru 167)			
51	Interest and Dividends Receivable (171)			
52	Rents Receivable (172)			
53	Accrued Utility Revenues (173) Reclassed Jan 2005. See FERC 186 page 233		5,460,981	
54	Miscellaneous Current and Accrued Assets (174)		345	
55	TOTAL Current and Accrued Assets (Total of lines 27 thru 54)		444,080,754	308,665,295
56	DEFERRED DEBITS			
57	Unamortized Debt Expense (181)			
58	Extraordinary Property Losses (182.1)	230		
59	Unrecovered Plant and Regulatory Study Costs (182.2)	230		
60	Other Regulatory Assets (182.3)	232	11,156,796	12,515,587
61	Preliminary Survey and Investigation Charges (Electric) (183)			
62	Preliminary Survey and Investigation Charges (Gas) (183.1, 183.2)			
63	Clearing Accounts (184)		17,578	
64	Temporary Facilities (185)			
65	Miscellaneous Deferred Debits (186)	233	2,648,408	5,920,104
66	Deferred Losses from Disposition of Utility Plant (187)			
67	Research, Development, and Demonstration Expend. (188)			
68	Unamortized Loss on Reaquired Debt (189)			
69	Accumulated Deferred Income Taxes (190)			
70	Unrecovered Purchase Gas Costs (191)	234-235		
71	TOTAL Deferred Debits (Total of lines 57 thru 70)		13,822,782	18,435,691
72	TOTAL Assets and Other Debits (Total of lines 10-15,25,55,and 71)		1,038,507,122	903,128,861

Name of Respondent <b>New England Gas Company, A Division of Southern Union</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>June 30, 2005</b>	Year of Report <b>June 30, 2005</b>
Rhode Island Location			

**COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)**

Line No.	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (in dollars) (c)	Balance at End of Previous Year (in dollars) (d)
1	<b>PROPRIETARY CAPITAL</b>			
2	Common Stock Issued (201)	250-251		
3	Preferred Stock Issued (204)	250-251		
4	Capital Stock Subscribed (202, 205)	252		
5	Stock Liability for Conversion (203, 206)	252		
6	Premium on Capital Stock (207)	252		
7	Other Paid-In Capital (208-211)	253		
8	Installments Received on Capital Stock (212)	252		
9	(Less) Discount on Capital Stock (213)	254		
10	(Less) Capital Stock Expense (214)	254		
11	Retained Earnings (215, 215.1, 216)	118-119	291,019,547	263,344,332
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119		
13	(Less) Reaquired Capital Stock (217)	250-251		
14	<b>TOTAL Proprietary Capital (Total of lines 2 thru 13)</b>		<b>291,019,547</b>	<b>263,344,332</b>
15	<b>LONG TERM DEBT</b>			
16	Bonds (221)	256-257		
17	(Less) Reacquired Bonds (222)	256-257		
18	Advances from Associated Companies (223)	256-257		
19	Other Long-Term Debt (224)	256-257		
20	Unamortized Premium on Long-Term Debt (225)	258-259		
21	(Less) Unamortized Discount on Long-Term Debt-Dr. (226)	258-259		
22	(Less) Current Portion of Long-Term Debt			
23	<b>TOTAL Long-Term Debt (Total of lines 16 thru 22)</b>		<b>-</b>	<b>-</b>
24	<b>OTHER NONCURRENT LIABILITIES</b>			
25	Obligations Under Capital Leases - Noncurrent (227)		56,622	246,719
26	Accumulated Provision for Property Insurance (228.1)			
27	Accumulated Provision for Injuries and Damages (228.2)		1,794,311	
28	Accumulated Provision for Pensions and Benefits (228.3)			
29	Accumulated Miscellaneous Operating Provisions (228.4)			
30	Accumulated Provision for Rate Refunds (229)			
31	<b>TOTAL Other Noncurrent Liabilities (Total of lines 25 thru 30)</b>		<b>1,850,933</b>	<b>246,719</b>

Name of Respondent <b>New England Gas Company, A Division of Southern Union Co</b>	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>June 30, 2005</b>	Year of Report <b>June 30, 2005</b>
<b>Rhode Island Location</b>			

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)(Continued)

Line No.	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (in dollars) (c)	Balance at End of Previous Year (in dollars) (d)
32	<b>CURRENT AND ACCRUED LIABILITIES</b>			
33	Current Portion of Long-Term Debt			
34	Notes Payable (231)			
35	Accounts Payable (232)		31,539,116	17,577,014
36	Notes Payable to Associated Companies (233)			
37	Accounts Payable to Associated Companies (234)		619,462,486	553,792,346
38	Customer Deposits (235)		2,931,708	2,804,951
39	Taxes Accrued (236)	262-263	(11,489,509)	(12,200,984)
40	Interest Accrued (237)		287,145	286,040
41	Dividends Declared (238)			
42	Matured Long-Term Debt (239)			
43	Matured Interest (240)			
44	Tax Collections Payable (241)		276,222	383,181
45	Miscellaneous Current and Accrued Liabilities (242)	268	24,627,373	20,355,754
46	Obligations Under Capital Leases-Current (243)			
47	<b>TOTAL Current and Accrued Liabilities (Total of lines 33 thru 46)</b>		<b>667,634,541</b>	<b>582,998,302</b>
48	<b>DEFERRED CREDITS</b>			
49	Customer Advances for Construction (252)			
50	Accumulated Deferred Investment Tax Credits (255)		1,439,822	1,644,390
51	Deferred Gains from Disposition of Utility Plant (256)			
52	Other Deferred Credits (253)	269	34,298,815	20,315,204
53	Other Regulatory Liabilities (254)	278	9,947,060	2,263,425
54	Unamortized Gain on Reaquired Debt (257)	260		
54.1	Contributions in aid of Construction (271)			
55	Accumulated Deferred Income Taxes (281-283)	276-277	32,316,395	32,316,489
56	Operating Reserves			
57	<b>TOTAL Deferred Credits (Total of lines 49 thru 55)</b>		<b>78,002,101</b>	<b>56,539,508</b>
58	<b>TOTAL Liabilities and Other Credits (Total of lines 14, 23,31,47, and 56)</b>		<b>1,038,507,122</b>	<b>903,128,861</b>

**New England Gas Company  
Docket No. 3690**

**Record Request and Response**

**Requestor:** Commission  
**Respondent:** Robert J. Riccitelli  
**Issue Date:** October 13, 2005

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**Q. COMM 3-07** Regarding FERC Form 2, the balance sheet (at page 110) reflects a significant increase in the Accounts Receivable from Associated Companies: the June 30, 2004 receivable of \$209.2 million increased to \$317.8 million at June 30, 2005.

- a. Provide a summary showing the nature/composition of the receivable balances at June 30, 2004 and 2005.
- b. Explain why the receivable balance increased by over 50%.

**A. COMM 3-07** New England Gas Company does not maintain independent banking relationships for the borrowing of funds needed to finance working capital and capital expenditures for the Rhode Island operations. Cash received from customers and payments made are transferred to and from the New England Division via corporate bank accounts. Cash received is transferred on a daily basis to the corporate cash account and booked as an account receivable from the associated company. As payments for items such as accounts payable and payroll are made, the transaction is booked as an account payable to the associated company. In addition, these associated receivable or payable accounts include inter-company charges from/to corporate or any other operating unit (i.e. insurance premiums paid by corporate and allocated to New England Gas would also be charged to the inter-company accounts.)

The increase in receivables from associated companies grew from a balance of \$209,209,747 to \$317,844,805 as a result of increased cash flows for the period. The payable to associated companies grew from \$563,792,346 to \$619,462,486 during the same time period due to increased payments made on behalf of New England Gas Company. Net cash generated or used from operating activities and cash used to fund investing activities are responsible for the changes in the inter-company accounts.

New England Gas Company  
Docket No. 3690

Record Request and Response

**Requestor:** Division  
**Respondent:** Robert Riccitelli  
**Issue Date:** October 5, 2005

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- Q. DIV 2-01** Referring to the response to DIV 1-02, Attachment, Page 1, please explain the fluctuations in the Utility Plant account on Line 2 from 9/30/2004 to 12/31/2004 to 3/31/2005.
- A. DIV 2-01** Please refer to the revised DIV 1-02 (attached). Upon review, DIV 1-02 incorrectly included balances for 12-31-03 rather than 12-31-04.

Name of Respondent		This Report Is:		Date of Report		Year of Report		
New England Gas - RI		<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		(Mo, Da, Yr)				
Line No.	Title of Account	Reference Page Number	Filed	Balance at	Balance at	Balance at	Filed	
	(a)	(b)	6/30/2004	9/30/2004	12/31/2004	3/31/2005	6/30/2005	
			(in dollars)	(in dollars)	(in dollars)	(in dollars)	(in dollars)	
	COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)							
	UTILITY PLANT							
1								
2	Utility Plant (101-106, 114)	200-201	793,520,490	793,431,140	807,217,881	806,592,981	809,424,484	
3	Construction Work in Progress (107)	200-201	5,850,652	12,937,420	4,475,536	7,432,076	12,941,629	
4	TOTAL Utility Plant (Total of Lines 2 and 3)	200-201	799,371,142	806,368,560	811,693,417	814,025,057	822,366,113	
5	(Less) Accum. Provision for Depr., Amort., Dep. (108, 111, 115)		(223,755,018)	(229,357,854)	(231,808,239)	(236,682,412)	(241,811,930)	
6	Net Utility Plant (Total of line 4 less 5)		575,616,124	577,010,706	579,885,178	577,342,645	580,554,183	
7	Nuclear Fuel (120.1 thru 120.4, and 120.6)							
8	(Less) Accum. Provision for Amort., of Nuclear Fuel Assemblies (120.5)							
9	Nuclear Fuel (Total of line 7 less 8)							
10	Net Utility Plant (Total of Lines 6 and 9)		575,616,124	577,010,706	579,885,178	577,342,645	580,554,183	
11	Utility Plant Adjustments (116)	122						
12	Gas Stored - Base Gas (117.1)	220						
13	System Balancing Gas (117.2)	220						
14	Gas Stored in Reservoirs and Pipelines - Noncurrent (117.3)	220						
15	Gas Owned to System Gas (117.4)	220						
16	OTHER PROPERTY AND INVESTMENTS							
17	Nonutility Property (121)							
18	(Less) Accum. Provision for Depreciation and Amortization (122)							
19	Investments in Associated Companies (123)	222-223	117	117	117	117	117	
20	Investments in Subsidiary Companies (123.1)	224-225						
21	(For Cost of Account 123.1 See Footnote Page 224, line 40)							
22	Noncurrent Portion of Allowances							
23	Other Investments (124)	222-223	411,634	332,584	202,846	43,516	49,286	
24	Special Funds (125 thru 128)		411,751	332,701	202,963	43,633	49,403	
25	TOTAL Other Property and Investments (Total of lines 17-20, 22-24)		823,385	665,285	405,812	87,149	98,689	
26	CURRENT AND ACCRUED ASSETS							
27	Cash (131)		383,150	33,122	(2,423,477)	1,769,349	907,393	
28	Special Deposits (132-134)				0			
29	Working Funds (135)		8,724	1,828	1,133	5,846	6,996	
30	Temporary Cash Investments (136)							
31	Notes Receivable (141)		(19,547)	(20,046)	(20,639)	(21,306)		
32	Customer Accounts Receivable (142)		51,468,852	34,232,555	56,394,085	87,542,285	61,248,903	
33	Other Accounts Receivable (143)		685,785	674,952	994,398	844,433	878,526	
34	(Less) Accum. Provision for Uncollectible Accounts - Credit (144)		(5,301,934)	(2,917,321)	(5,717,008)	(7,018,842)	(7,101,767)	
35	Notes Receivable from Associated Companies (145)							
36	Accounts Receivable from Associated Companies (146)		209,209,747	221,677,961	239,455,836	303,101,513	317,844,805	
37	Fuel Stock (151)		372,644	772,706	762,955	402,617	398,679	
38	Fuel Stock Expenses Undistributed (152)							
39	Residuals (Elec) and Extracted Products (Gas) (153)							
40	Plant Materials and Operating Supplies (154)		1,482,021	1,605,817	1,474,310	1,589,055	1,663,895	
41	Merchandise (155)							
42	Other Materials and Supplies (156)							
43	Nuclear Materials Held for Sale (157)							
			complete				complete	

Name of Respondent: **New England Gas - RI**  
This Report is:  
 An Original  
 A Resubmission

Date of Report (Mo, Da, Yr)

Year of Report

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) (Continued)

Line No.	Title of Account (a)	Reference Page Number (b)	Filed 6/30/2004 (in dollars) (c)	Balance at 9/30/2004 (in dollars) (d)	Balance at 12/31/2004 (in dollars) (d)	Balance at 3/31/2005 (in dollars) (d)	Filed 6/30/2005 (in dollars) (d)
44	Allowances (158.1 and 158.2)						
45	(Less) Noncurrent Portion of Allowances						
46	Stores Expense Undistributed (163)					69	71
47	Gas Stored Underground - Current (164.1)	220	12,189,350	20,858,394	21,242,774	7,916,074	16,007,288
48	Liquefied Natural Gas Stored and Held for Processing (164.2 thru 164.3)	220	4,542,432	6,639,246	6,506,168	3,758,021	4,922,766
49	Prepayments (165)	230	33,644,071	33,016,219	41,572,818	2,577,755	41,841,873
50	Advances for Gas (166 thru 167)						
51	Interest and Dividends Receivable (171)						
52	Rents Receivable (172)						
53	Accrued Utility Revenues (173)				34,131,908	29,006,415	5,460,981
54	Miscellaneous Current and Accrued Assets (174)						345
55	TOTAL Current and Accrued Assets (Total of lines 27 thru 54)		308,665,295	316,575,433	394,375,261	431,473,284	444,080,754
56	DEFERRED DEBITS						
57	Unamortized Debt Expense (181)						
58	Extraordinary Property Losses (182.1)	230					
59	Unrecovered Plant and Regulatory Study Costs (182.2)	230					
60	Other Regulatory Assets (182.3)	232	12,515,687	12,103,606	10,552,870	11,559,124	11,156,796
61	Preliminary Survey and Investigation Charges (Electric) (183)						
62	Preliminary Survey and Investigation Charges (Gas) (183.1, 183.2)						
63	Cleaning Accounts (184)						17,578
64	Temporary Facilities (185)						
65	Miscellaneous Deferred Debits (186)	233	5,920,104	8,009,199	4,213,884	41,748,491	2,648,408
66	Deferred Losses from Disposition of Utility Plant (187)						
67	Research, Development, and Demonstration Expend. (188)						
68	Unamortized Loss on Reacquired Debt (189)						
69	Accumulated Deferred Income Taxes (190)	234-235					
70	Unrecovered Purchase Gas Costs (191)						
71	TOTAL Deferred Debits (Total of lines 57 thru 70)		18,435,891	20,112,805	14,766,754	53,307,615	13,822,782
72	TOTAL Assets and Other Debits (Total of lines 10-15,25,55,and 71)		803,128,861	914,031,645	989,230,156	1,062,167,177	1,038,507,122

complete

Name of Respondent <b>New England Gas - RI</b>		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report
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COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)						
Line No.	Title of Account (a)	Reference Page Number (b)	Filed 6/30/2004 (in dollars) (c)	Balance at 12/31/2004 (in dollars) (d)	Balance at 3/31/2005 (in dollars) (d)	Filed 6/30/2005 (in dollars) (d)
PROPRIETARY CAPITAL						
1						
2	Common Stock Issued (201)	250-251				
3	Preferred Stock Issued (204)	250-251				
4	Capital Stock Subscribed (202, 205)	252				
5	Stock Liability for Conversion (203, 206)	252				
6	Premium on Capital Stock (207)	252				
7	Other Paid-In Capital (208-211)	253				
8	Installments Received on Capital Stock (212)	252				
9	(Less) Discount on Capital Stock (213)	254				
10	(Less) Capital Stock Expense (214)	254				
11	Retained Earnings (215, 215.1, 216)	118-119	263,344,332	264,689,897	292,712,829	291,019,547
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119				
13	(Less) Reacquired Capital Stock (217)	250-251				
14	TOTAL Proprietary Capital (Total of lines 2 thru 13)		263,344,332	264,689,897	292,712,829	291,019,547
LONG TERM DEBT						
15						
16	Bonds (221)	256-257				
17	(Less) Reacquired Bonds (222)	256-257				
18	Advances from Associated Companies (223)	256-257				
19	Other Long-Term Debt (224)	256-257				
20	Unamortized Premium on Long-Term Debt (225)	258-259				
21	(Less) Unamortized Discount on Long-Term Debt-Dr. (226)	258-259				
22	(Less) Current Portion of Long-Term Debt					
23	TOTAL Long-Term Debt (Total of lines 16 thru 22)		-	-	-	-
OTHER NONCURRENT LIABILITIES						
24						
25	Obligations Under Capital Leases - Noncurrent (227)		246,719	86,105	71,414	56,622
26	Accumulated Provision for Property Insurance (228.1)					
27	Accumulated Provision for Injuries and Damages (228.2)			1,934,148	1,703,723	1,794,311
28	Accumulated Provision for Pensions and Benefits (228.3)					
29	Accumulated Miscellaneous Operating Provisions (228.4)					
30	Accumulated Provision for Rate Refunds (229)					
31	TOTAL Other Noncurrent Liabilities (Total of lines 25 thru 30)		246,719	2,020,253	1,775,137	1,850,933

complete

complete



Name of Respondent		This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report			
New England Gas - RI		<input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission					
Line No.	Title of Account	Reference Page Number (b)	Filed 6/30/2004 (in dollars) (c)	Balance at 9/30/2004 (in dollars) (d)	Balance at 12/31/2004 (in dollars) (d)	Balance at 3/31/2005 (in dollars) (d)	Filed 6/30/2005 (in dollars) (d)
COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)(Continued)							
CURRENT AND ACCRUED LIABILITIES							
32							
33	Current Portion of Long-Term Debt						
34	Notes Payable (231)		17,577,014	18,197,569	39,835,832	37,486,379	31,539,116
35	Accounts Payable (232)						
36	Notes Payable to Associated Companies (233)		553,792,346	573,826,787	596,238,589	630,579,716	619,462,486
37	Accounts Payable to Associated Companies (234)		2,804,951	2,850,088	2,871,026	2,887,185	2,931,708
38	Customer Deposits (235)		(12,200,984)	(10,723,207)	(7,974,004)	(7,279,960)	(11,489,509)
39	Taxes Accrued (236)	262-263	286,040	305,997	253,154	264,088	287,145
40	Interest Accrued (237)						
41	Dividends Declared (238)						
42	Matured Long-Term Debt (239)						
43	Matured Interest (240)						
44	Tax Collections Payable (241)		383,181	297,053	825,790	826,390	276,222
45	Miscellaneous Current and Accrued Liabilities (242)		20,355,754	18,259,268	23,280,999	24,295,205	24,627,373
46	Obligations Under Capital Leases-Current (243)	268					
47	TOTAL Current and Accrued Liabilities (Total of lines 33 thru 46)		582,998,302	603,013,555	655,331,386	689,059,003	667,634,541
DEFERRED CREDITS							
48							
49	Customer Advances for Construction (252)		1,644,390	1,593,248	1,542,106	1,490,964	1,439,822
50	Accumulated Deferred Investment Tax Credits (255)						
51	Deferred Gains from Disposition of Utility Plant (256)						
52	Other Deferred Credits (253)	269	20,315,204	22,208,903	33,466,288	33,957,187	34,298,815
53	Other Regulatory Liabilities (254)	278	2,263,425	(3,893,139)	(136,263)	10,855,662	9,947,069
54	Unamortized Gain on Reacquired Debt (257)	280					
54.1	Contributions in aid of Construction (271)						
55	Accumulated Deferred Income Taxes (281-283)						
56	Operating Reserves	276-277	32,316,489	32,316,489	32,316,489	32,316,395	32,316,395
57	TOTAL Deferred Credits (Total of lines 49 thru 55)		56,539,508	52,225,501	67,188,620	78,620,208	78,002,101
58	TOTAL Liabilities and Other Credits (Total of lines 14, 23, 31, 47, and 56)		903,128,861	914,031,645	989,230,156	1,062,167,177	1,038,507,122

New England Gas Company  
Docket No. 3690

Record Request and Response

**Requestor:** Division  
**Respondent:** Robert Riccitelli  
**Issue Date:** October 5, 2005

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- Q. DIV 2-02** Referring to the response to DIV 1-05, Attachment, Page 1, please describe the Supplemental Retirement on Line 18. The response should explain what these costs represent, how the amounts are determined, which employees are eligible, and why the expense is so much greater in the second six months.
- A. DIV 2-02** This cost represents the supplemental retirement plan for a subgroup of current/former corporate employees of Southern Union. The expensed amounts were determined through an actuarial valuation. The expense was greater in the second half of the 12-month fiscal period because the plan was terminated, which made it necessary to accrue for the plan payout and pension plan payment for one former executive. The Company anticipates that the termination of the plan will result in future savings.

New England Gas Company  
Docket No. 3690

Record Request and Response

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Q. DIV 2-03 Referring to the response to DIV 1-09, please reconcile the amounts on the referenced pages to the \$142,653 on Page 5, Line 12 of Riccitelli testimony.

A. DIV 2-03 Reconciliation is as follows:

FY 2004 Estimated ESM @ 06/30/04	\$539,000
-Amount on the Co.'s G/L	
Final Commission ESM FY2004	<u>284,065</u>
Sub-total	\$254,935
FY 2005 Estimated ESM @ 06/30/05	<u>112,282</u>
Total	<u>\$142,653</u>

New England Gas Company  
Docket No. 3690

Record Request and Response

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**Q. DIV 2-04** Referring to the response to DIV 1-12, please provide calculations supporting the changes in the Accumulated Deferred FIT balances in March 2005 and June 2005.

**A. DIV 2-04** Please refer to the table below.

**NEG-RI**  
**Estimated Tax over Book Depreciation**  
**For The Period January 1, 2005 Thru June 30, 2005**

	Estimated 6mos. 6/30/2005
COPIER CAPITAL LEASE	(31,126)
ABANDONMENT LOSS (Removal costs less proceeds/salvage only)	(581,233)
TAX DEPRECIATION	(8,220,069)
BOOK DEPRECIATION	8,943,825
BOOK LOSS (GAIN)	8,588
TAX (LOSS) GAIN	(459,706)
CIS AMORTIZATION-BOOK/Amortization Expense	961,393
Total Estimated Depreciation adjustment	621,673
	X 34%
	211,369
	/ 2
Net Change March 2005 & June 2005	<u>105,684</u>

**New England Gas Company  
Docket No. 3690**

**Record Request and Response**

**Requestor:** Division  
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- Q. DIV 2-05** Referring to Attachment RJR-2, please explain what the Accrual True-Ups represent.
- A. DIV 2-05** The Accrual True-Up represents the difference between the amount estimated at year-end and the final amount filed with the IRS.

New England Gas Company  
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Record Request and Response

**Requestor:** Division  
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**Issue Date:** October 5, 2005

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**Q. DIV 2-13** Referring to the response to DIV 1-18, Page 1, please describe the services rendered for each line item described as "Legal". The response should explain the nature of the legal services rendered and should be supported by relevant documentation.

**A. DIV 2-13** **Adler, Pollock & Sheehan**  
**Specialization:** General, regulatory and environmental.  
**FY2005 Services Rendered:** Labor-bargaining matters, tax appeals, government relations and evidentiary hearings.

**Safety & Health Compliance Solutions**

**Specialization:** Safety and health compliance issues.  
**FY2005 Services Rendered:** Review and audit of all health and safety policies and procedures.

**Kaspwiz, Benson, Torres & Freidman:**

Upon review, this charge of \$150,136 should not have been included in the FY2005 ESM calculation.

**Herbert Clark Co.:**

**Specialization:** Environmental policies and procedures.  
**FY2005 Services Rendered:** Review and audit of all environmental policies and procedures.

**Watson, Bishop, London & Brophy, PC:**

Upon review, this charge of \$73,183 should not have been included in the FY2005 ESM calculation.

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**Record Request and Response**

**Cross Country Energy Services LLC:**

**Specialization:** Legal consultant.

**FY2005 Services Rendered:** Review and audit of all health, safety and environmental policies and procedures.

**Ira Lukin:**

**Specialization:** Legal consultant.

**FY2005 Services Rendered:** PUC evidentiary hearings, easements, customer issues and contracts.

**Fleischmann & Walsh:**

**Specialization:** Regulatory.

**FY2005 Services Rendered:** Keyspan LNG matters, gas contracts and FERC.

**Partridge, Snow & Harn:**

**Specialization:** General.

**FY2005 Services Rendered:** Tax appeals and real estate valuations.

**Lathrop & Gage Law Office:**

**Specialization:** General.

**FY2005 Services Rendered:** General legal and non-remediation environmental matters.

**Carroll, Kelly & Murphy:**

**Specialization:** Collections and bankruptcy.

**FY2005 Services Rendered:** Customer accounts, record liens as result of judgments and recovery of third-party damages.

**Schiff Hardin:**

**Specialization:** Regulatory.

**FY2005 Services Rendered:** FERC – LDC customer groups.

**Strauss, Factor & Laing:**

**Specialization:** Collections and bankruptcy.

**FY2005 Services Rendered:** Customer accounts, record liens as result of judgments.

**Thornton Group LLC:**

**Specialization:** N/A.

**FY2005 Services Rendered:** Consultation on (customer) Key Accounts.

**New England Gas Company  
Docket No. 3690**

**Record Request and Response**

**Requestor:** Division  
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**Issue Date:** October 5, 2005

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- Q. DIV 2-14 Referring to the response to DIV 1-18, Page 1, please explain the increase legal expenses from fiscal year 2004.**
- A. DIV 2-14** The majority of the variance from total expenses in FY2003 resulted from the Company's comprehensive review and audit of all health, safety and environmental policies. This review and audit produced recommendations for achieving full compliance with a broad range of laws and regulations affecting the Company's operations. This review also served as the basis for the development of an up-to-date regulation and procedures manual.



New England Gas Company  
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Record Request and Response

**Requestor:** Division  
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**Issue Date:** October 5, 2005

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- Q. DIV 2-15** Referring to the response to DIV 1-18, Page 1, please explain the increase in Professional Security Service expense from fiscal year 2004.
- A. DIV 2-15** The majority of the increase in Professional Security Services expense is due to the institution of increased security (i.e., 24 hours per day, seven days per week) at the Company's Gas Control locations.

**New England Gas Company  
Docket No. 3690**

**Record Request and Response**

**Requestor:** Division  
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**Issue Date:** October 5, 2005

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- Q. DIV 2-16** Referring to Attachment RJR-1, Page 5, please explain the increase in the Injury and Damage Reserve from June 2004 to June 2005.
- A. DIV 2-16** Starting January 1, 2005, the Company combined the Worker's Compensation Reserve with the Injury & Damage Reserve. This change increased the Injury & Damage Reserve by \$531,325. The majority of the remaining increase is the reserve for the mercury incident, which was properly charged to a below-the-line account and not included in the ESM calculation.

New England Gas Company  
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Record Request and Response

**Requestor:** Division  
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**Issue Date:** October 5, 2005

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**Q. DIV 2-17** For each fiscal year 2003, 2004, and 2005, please provide the accruals to and charges against the Injury and Damage Reserve.

**A. DIV 2-17** Please refer to the table below.

NEW ENGLAND GAS COMPANY  
INJURY AND DAMAGE RESERVE  
FOR THE TWELVE MONTH ENDED JUNE 30,

	*ACCRUED EXPENSE	PAYMENTS	I & D RESERVE ENDING BALANCE
JUNE 30, 2002			(423,191)
FISCAL 2003	(969,780)	733,147	(659,824)
FISCAL 2004	(868,055)	513,469	(1,014,410)
WCOMP RESERVE @ 01/01/05			(348,239)
**FISCAL 2005	(1,501,755)	1,070,093	(1,794,311)

\* Accrued Expense does not include Insurance Premiums, WCOMP Labor (Internal) and Safety Equipment & Training charged directly to FERC Act. # 925. FY2005 Accrued Expense includes Mercury Expense charged below the line. This charge accounted for approximately half of the increase from FY2004 to FY2005.

\*\* Starting January 1, 2005 the Company included Worker's Compensation Accrued Expense and Payments as part of the Injury and Damages Reserve. This change accounts for the approximately half of the increase in Accrued Expense and majority of the increase in Payments from FY2004 to FY2005.