



State of Rhode Island and Providence Plantations

DEPARTMENT OF ATTORNEY GENERAL

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*Patrick C. Lynch, Attorney General*

December 7, 2005

*Via First Class Mail And Electronically*

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

**Re: Tariff Filings By National Grid To Modify  
The Standard Offer Service Rate,  
Transmission Service Cost Adjustment  
Factor and Transition Service Cost  
Adjustment Factor-- PUC Docket No. 3706**

Dear Ms. Massaro:

Enclosed for filing please find an original and nine (9) copies of the Position of the Attorney General, for filing in the above-referenced proceeding.

Thank you for your attention to this matter.

Sincerely,

William K. Lueker (R.I. Bar # 6334)

Special Assistant Attorney General

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Encl.

cc: Service List

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

PUBLIC UTILITIES COMMISSION

IN RE: TARIFF FILINGS BY NATIONAL GRID TO )  
MODIFY THE STANDARD OFFER SERVICE )  
RATE, TRANSMISSION SERVICE COST ) DOCKET NO. 3706  
ADJUSTMENT FACTOR AND TRANSITION )  
SERVICE COST ADJUSTMENT CHARGE )  
)  
NATIONAL GRID'S REQUEST FOR APPROVAL ) DOCKET NO. 3710  
OF DISPENSATION OF SETTLEMENT PROCEEDS )

POSITION OF THE ATTORNEY GENERAL

At this time of increasing economic stress for ratepayers, particularly those with the least economic resources of their own, it is critical that every one of us sharpen our pencils to ensure that we have done everything we can to hold down all of our costs, particularly our utility costs. This is as true of the utilities themselves as it is of their ratepayers. With that in mind, we believe that this Commission should keep certain important points in mind when evaluating National Grid's current filings with respect to Standard Offer Service Rate, Transmission Service Cost Adjustment Factor, Transmission Service Cost Adjustment Charge, and its proposal for the Dispensation of Settlement Proceeds.

First of all, as a means of reducing future Standard Offer Rate increases, the Commission should insist that National Grid aggressively promote energy conservation and encourage the development of renewable energy sources within Rhode Island as a means of offsetting the impact of higher electricity costs, much of which may currently be attributed to the continuing upward pressure of increasing fossil fuel costs for generation. We know that National Grid has had an active Demand Side Management Program for years, and currently participates with the

State Energy Office in that Office's Renewable Energy Program. Both are very worthwhile programs with the potential to lead to significant current and future benefits. A wise man once said "Give a man a fish and he will eat today; teach a man to fish and he will eat for a lifetime." The Demand Side Management and Renewable Energy Programs fall into the category of "teaching a man to fish." They may require some delayed energy gratification on our part, but in the long run we should all realize significant permanent benefits from them, not least of which would be less reliance on imported fossil fuels used for generating electricity.

Second, we must recognize that it is crucial, when setting the Standard Offer Rate, to strike a balance among three goals: rate stability, avoidance of substantial deferrals, and limitation of rate shock. Of particular concern in arriving at this balance is the impact on low-income customers, the segment of our population least able to absorb frequent and dramatic rate increases. The Commission must ensure that every possible step is taken to assist this group of our most vulnerable citizens. One obvious step, and one we support, is approval of National Grid's proposed Dispensation of Settlement Proceeds. While we could not support devoting all of the money in the settlement to assisting a single class of ratepayers at the expense of all of the other classes, we believe devoting approximately half of the settlement, as advocated by National Grid, is appropriate.

Third, we believe that National Grid should continue to make "protest payments" as part of its effort to preserve the TransCanada contract. These protest payments, included in the Standard Offer Rate, will allow National Grid to avoid a substantial deferral while awaiting the court's decision – with all the rate shock that might be entailed should National Grid not prevail. At the same time, should National Grid succeed in its TransCanada litigation – as we are

confident it will – then National Grid should be able to recover the value of the protest payments and use those funds to offset or reduce future Standard Offer Rate increases.

Fourth, we believe the Commission should approve National Grid’s proposed adjustments to the Transition Service Cost Adjustment Charge and the Transmission Service Cost Adjustment Factor.

PATRICK C. LYNCH  
ATTORNEY GENERAL  
By his attorney,



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December 7, 2005

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**CERTIFICATE OF SERVICE**

I certify that a copy of the within motion was served by regular mail, postage prepaid, as well as electronically, to all persons listed this date on the service list for PUC Docket No. 3706 on the 8th day of December, 2005.

