



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Rhode Island Division of  
Public Utilities and Carriers  
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Warwick RI 02888  
(401) 941-4500

January 30, 2006

Luly E. Massaro, Commission Clerk  
Rhode Island Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, RI 02888

**RE: Docket 3716 – Proposed Revision to National Grid’s Line Extension Policies**

Dear Ms. Massaro:

The Rhode Island Division of Public Utilities and Carriers (“Division”) would like to recommend modifications to National Grid’s (“Company”) line extension proposal filed with the Public Utilities Commission (“Commission”) on December 12, 2006. The Division has discussed the modifications with the Company and received its concurrence with the changes.

The Company’s current practice is to provide two poles and two spans of aerial distribution line to its customer at no cost, and thereafter, a cost per linear foot would be charged in accordance with its filed rate. The current electric tariff policy for extended overhead service has two methods of payment for its customer. If the cost for the line extension were \$1,500 or lower, the residential customer would pay the entire cost upfront to the Company prior to construction. If the cost were greater than \$1,500, the Company currently offers a 60-month “equal payment” plan (plus interest) to its customer. The Division believes that the Company’s policy to extend overhead distribution lines can be priced in a manner that is more equitable to individual residential applicants, as well as to National Grid’s other customers.

In the instant filing, the Company has proposed to increase the threshold amount of \$1,500 to \$6,000. The Division agrees with the Company’s proposal to raise the threshold amount to the higher limit of \$6,000. Under the Company proposal, if the cost

reached the \$6,000 limit, then National Grid would finance the entire project cost. Under this scenario, one customer whose cost is \$5,700 would have to pay the entire amount up front, while the customer whose cost is \$6,200 could finance the entire project cost over five years. We do not think this is equitable. The Division has proposed, and the Company has agreed, to use the \$6,000 threshold in a manner similar to an insurance deductible. The Company would only offer a payment plan to customers whose costs exceed the proposed threshold limit for the residual amount in excess of the \$6,000. The term of the payment plan would be based on equal payments of at least \$75 a month until the remaining cost is paid in its entirety but not to exceed five years or sixty months of payments. The Division believes that an increase in the one-time charge for an overhead line extension and the requirement that all customers pay the first \$6,000 upfront will reduce the Company's experienced arrearage write-offs, as fewer customers would be eligible for a payment plan. The new property owner could include the line extension costs in the construction mortgage of the house. We believe this is a more equitable arrangement for all customers.

The Division supports the Company's proposal to require the customer's electrical contractor to supply the conduit that would result in expediting the installation process for underground service. Lastly, the Division believes that the Company's 1999 line extension costs need to be updated before the start of the 2006 construction season. The Company has agreed to file its revised costs in the spring of this year.

Respectfully submitted,

James E. Lanni  
Associate Public Utilities  
Administrator for Operations and  
Consumer Affairs

cc: Thomas Ahern, DPUC Administrator  
Ronald T. Gerwatowski, VP, National Grid