

February 3, 2006

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: Docket 3716 – Compliance Filing Regarding Revised Line Extension Policies

Dear Ms. Massaro:

Enclosed on behalf of The Narragansett Electric Company d/b/a National Grid (“National Grid” or “Company”) is the compliance filing in Docket 3716 which includes ten (10) copies of the Company’s revised Line Extension Policies approved by the Rhode Island Public Utilities Commission (“Commission”) at its open meeting on Tuesday, January 31, 2006, and ten (10) copies of the Company’s revised terms and conditions for distribution service (“Terms and Conditions”). For the convenience of the Commission, the Company has also provided ten (10) copies of the Line Extension Policies marked to show changes from the proposed policies. The revised Line Extension Policies reflect the changes proposed in the Company’s December 12, 2005 filing and include the modifications ordered at the open meeting. The modifications to the proposed policies and an update to Section 3 of the Terms and Conditions are described in more detail below.

The Company’s Policy 1 applies to line extensions for individual residential customers. Pursuant to the Commission’s order in the open meeting, Section 4 of the policy covering payment terms for overhead installations has been revised to establish a threshold of \$6,000 for customers to qualify for a payment plan. The modification ordered by the Commission also addresses situations in which the customer payment as determined pursuant to Policy 1 for an overhead installation is greater than \$6,000. If such a situation exists, customers will have the option to pay in advance of construction the entire customer payment as determined under Policy 1, or to pay \$6,000 in advance and make equal monthly payments of at least \$75 per month for the amount exceeding \$6,000. The payment due from the customer in excess of \$6,000 that is to be paid under a payment plan will be subject to interest at the rate effective for customer deposits and must be paid in its entirety within a period of sixty (60) months or five (5) years.

In addition, and as ordered by the Commission, the Company has added the definition of “excessive” as it pertains to the blasting and tree trimming costs described in each of the

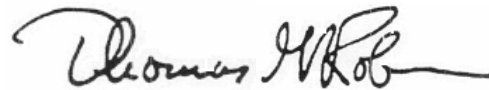
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Company's policies. The definition included in the policies is consistent with the definition provided by the Company in its response to Commission Data Request 1-11.

Further, the Company has modified the title of Policy 3 to be "Line Extension and Construction Advance Policy for Commercial, Industrial and Existing Residential Customers" pursuant to the Company's response to Commission Data Request 1-15. This title change requires an update to the Policy 3 reference included in Section 3 of the Company's Terms and Conditions. As a result, this filing also includes a revised Terms and Conditions. The Company has assumed that the Line Extension Policies being submitted in this compliance filing are effective beginning February 1, 2006.

Thank you for your attention to this filing. If you have any questions, please feel free to contact me at (508) 389-2877.

Very truly yours,



Thomas G. Robinson

Enclosures

cc: Paul Roberti, Esq.
Steve Scialabba, Division
Roger Warren, RI Builder's Assoc.

THE NARRAGANSETT ELECTRIC COMPANY

POLICY 1

LINE EXTENSION POLICY FOR INDIVIDUAL RESIDENTIAL CUSTOMERS

When an individual residential customer (“Customer”) requests that a distribution line be extended to serve such customer’s home whether over private property, along common way or along a public way, the terms of this policy shall apply. This policy applies only to the installation of electric service by Narragansett Electric Company (“Company”). The Customer should contact other utilities to determine the utilities’ requirements governing the provision of their service and whether any costs and/or requirements are to be the responsibility of the Customer.

1. Installation of Overhead Distribution Line

The Company will provide a regular overhead 120/240 volts, single phase, 3 wire service up to a capacity limit of 50 kVA for the Customer. The Company will determine the route of the distribution line in consultation with the Customer.

2. Distance of Overhead Distribution Line Allowed Without Charge

The Company will provide up to two poles and two spans of overhead distribution line needed to serve the Customer plus a service drop (that does not require a carrier pole) to the Customer’s home free of charge.

3. Overhead Line Extension

If more than two poles and two spans of overhead distribution line are required to serve the Customer’s home, the Customer will pay an “Overhead Installation Charge”, as determined below.

The Overhead Installation Charge will be equal to the number of feet of distribution line (beyond two poles and two spans) required to serve the Customer’s home, multiplied by the “Overhead Cost Per Foot” (as defined in section 9 below), plus the applicable tax contribution factor.

When overhead service is requested, the Company shall be responsible for:

- i. installing (or having others install), owning (individually or jointly) and maintaining (individually or jointly) all poles, primary and secondary wires, transformers, service drops, meters, etc. that, in its opinion are required to provide adequate service;
- ii. designating the location of all Company owned equipment, excluding streetlights, and the service entrance and meter location(s);

- iii. blasting and tree trimming and removal along public ways; the Company may charge the Customer the cost of such blasting and tree trimming and removal if, in the Company's opinion, such cost is excessive; excessive cost shall be defined as the type of work which requires the Company to contract with a third party to remove ledge through blasting or to trim trees for the purposes of clearing the space needed for the line work.

The Customer, at no cost to the Company, shall be responsible for:

- i. blasting and tree trimming and removal on private property, including roadways not accepted as public ways by the municipality, in accordance with the Company's specifications and subject to the Company's inspection.

4. Payment Terms

For Overhead Installation Charges up to \$6,000, the Customer will be required to pay the entire amount before the start of construction. If the Overhead Installation Charge is greater than \$6,000, the Customer will have the option to either pay the entire amount before the start of construction, or pay \$6,000 before the start of construction and pay the amount in excess of \$6,000 under a payment plan. The term of the payment plan will be based on equal payments of at least \$75 per month until the amount in excess of \$6,000 is paid in its entirety. The term of the payment plan is not to exceed a period of five (5) years or sixty (60) months. The amount collected under the payment plan will include interest at the rate of interest applicable to the Company's customer deposit accounts.

5. More Than One Customer

Where overhead service is requested by more than one Customer for the same line, the Overhead Installation Charge will be prorated among those Customers, based on the amount of line attributable to each Customer. (The calculation of the Overhead Installation Charge shall allow for a credit equal to the Overhead Cost Per Foot of two poles and two spans for each Customer).

6. Customer Added After Initial Construction

If a new Customer (or group of customers) is supplied service from facilities constructed under this policy, and if such service begins within five (5) years from the date of the first payment received by the Company from the original Customer or group of Customers, the Company will require such new Customer(s) to make prorated contribution to payment of the balance of the Overhead Installation Charge. Any contribution received from a new Customer will be used to proportionately reduce the balance owed by the initial Customer(s). In addition, a credit of two poles and two spans per customer will be applied against the remaining balance. However, no refunds will be paid if the credit exceeds the balance.

7. Change of Customer

The Customer must agree, as a condition for the line extension monthly payment terms, that if he/she sells, leases or otherwise transfers control and use of the home to another individual (“New Occupant”), and such New Occupant opens a new account with the Company, the Customer will obtain an agreement from such New Occupant to pay the remaining balance as prescribed in the agreement of the Overhead Installation Charge that would have been owed by the Customer at that location. Otherwise, the Customer will remain personally liable for the balance owed.

The Company reserves the right to place a lien on the property until such time that the obligation is fulfilled.

8. Underground Lines

If the Customer requests an underground distribution line in lieu of the standard overhead line, the Company will give reasonable consideration to the request. If the Company believes that there are technical complications, safety issues, engineering concerns, or other reasonable concerns regarding the feasibility and/or maintenance of an underground system in the given circumstances, the Company may decline to provide underground service.

If the Company agrees to an underground service, the Company will estimate the cost of providing the underground line to the home, using a predetermined underground cost per foot (“Underground Cost Per Foot”). The Customer will be required to pay an “Underground Charge” equal to:

- (A) the Company’s estimated cost of installing the underground line (based on Underground Cost Per Foot); minus
- (B) an amount equal to the Overhead Cost Per Foot of two poles and two spans; plus
- (C) a tax contribution factor based on the value of donated property and/or any cash contribution.

When the above results in a negative number, there shall be no Underground Charge.

The Underground Charge shall be paid by the customer in advance of the Company’s construction (even if it exceeds \$6,000) and is nonrefundable if the line is built.

The Customer will be responsible for removal of ledge, trenching, backfilling in accordance with the Company’s construction standards and/or the “Information & Requirements for Electric Service” as published by the Company from time to time, and shall comply with codes and requirements of legally constituted authorities having jurisdiction.

In addition, the Customer will be responsible for:

- i. providing, prior to the start of the Company’s construction, all applicable documents and site plans required for the Company to prepare design

drawings and easements for its facilities to be installed on private property;

- ii. providing and installing all required foundations (except for Company owned street light foundations), handholes, manholes, grounding systems, secondary cable, all conduit including spacers, glue and pulling strings,
- iii. etc. as indicated on the Company's plan and related construction documents;
- iv. installing foundations, provided by the Company, for Company owned street lights;
- v. supplying copies of all invoices, when requested, indicating manufacturer and part number for all such equipment listed above; equipment that is not approved shall not be used without the prior written consent of the Company;
- vi. installing, owning, and maintaining all secondary services and service conduit from the Company's equipment to the designated meter location(s); and
- vii. turning over ownership of the conduit system, excluding the service conduit, to the Company upon inspection and acceptance of the conduit system by the Company.

When underground service is requested, the Company shall be responsible for:

- i. supplying a list of approved manufacturers and their part numbers for equipment to be supplied by the Customer;
- ii. designating the location of all Company owned equipment, excluding street lights, and the service entrance and meter location(s);
- iii. providing Company owned street light foundations;
- iv. providing, installing, owning and maintaining the transformer, Company owned street lights, meter and primary cable;
- v. making all connections to Company equipment; and
- vi. inspecting the underground conduit system and equipment foundations installed by the Customer, prior to backfilling.

9. Publication of Current Per Foot Costs

The Overhead Costs Per Foot and Underground Costs Per Foot for new construction

shall be as calculated by the Company and placed on file with the Public Utilities Commission. These costs are included in the attachment to this policy.

10. Tree Trimming

The Customer will be responsible for all necessary tree trimming on private property. Tree trimming along public ways and common ways will remain the responsibility of the Company but may cause additional charges to be billed to the Customer if the type of work requires the Company to contract with a third party to trim trees for the purposes of clearing the space needed for the line work.

11. Line Extension Agreement

The Company will require the Customer to sign a Line Extension Agreement setting forth the terms of this policy and any other terms that the Company deems are reasonably necessary in connection with the installation line to the Customer's home, provided that such terms are not inconsistent with the terms expressed in this policy.

12. Temporary Service

This policy shall not apply to lines constructed for temporary service, unless the Company, in its sole discretion, deems it appropriate in the given circumstances of each case.

13. Winter Moratorium on Underground Construction

From the period of December 15 to April 1, the Company may decline, in its sole discretion, to install any underground facilities.

14. Easements

The Company will, as a condition on the installation of the service, require the Customer to provide the Company with an easement (drafted by the Company) for all facilities located on private property.

15. Customer Request to Upgrade Service

When, in the Company's opinion, the Company is required to upgrade its distribution line, or any associated equipment, in order to accommodate a Customer's upgrade of the existing main switch to the Customer's premises, the terms of Policy 3 shall apply.

Effective: February 1, 2006

**Narragansett Electric Company
Per Foot Costs for Line Extensions
For Individual Residential Customers**

The Per Foot Costs referred to in the above policy are as follows:

Underground Cost Per Foot:	\$12.48
Overhead Cost Per Foot:	\$8.80

These costs are effective until the Rhode Island Public Utilities Commission is notified in writing of any changes (with a copy of the written notice provided to the Rhode Island Builders Association).

Effective: February 1, 2006

THE NARRAGANSETT ELECTRIC COMPANY

POLICY 2

LINE EXTENSION POLICY FOR RESIDENTIAL DEVELOPMENTS

When a developer, contractor, builder or other customer (“Developer”) proposing to construct a residential development or individual homes requests that distribution lines be constructed to serve the development or homes, the terms of this policy shall apply. This policy applies only to the installation of electric service by Narragansett Electric Company (“Company”). The Customer should contact other utilities to determine the utilities’ requirements governing the provision of their service and whether any costs and/or requirements are to be the responsibility of the Customer.

1. Installation of Overhead Distribution Lines

The Company will provide a regular overhead distribution line to the development or individual homes designed to provide regular residential service to each home proposed in the project. The Company will determine the route of the line in consultation with the Developer. The Developer shall wire to the point designated by the Company, at which point the Company will connect its facilities. In addition, the Developer’s facilities shall comply with the Company’s construction standards and/or the “Information & Requirements for Electric Service” as published by the Company from time to time and shall comply with codes and requirements of legally constituted authorities having jurisdiction.

2. Distance of Overhead Distribution Line Allowed Without Charge

The Company will provide 150 feet of overhead distribution line, not including the secondary service drop, per each “house lot” free of charge.

3. Overhead Line Extension

If the number of centerline feet of overhead distribution line required to serve the development (“Required Line Distance”) is greater than the “Allowed Distance” of 150 feet per “House Lot”, then there will be a charge to the Developer for the overhead line extension for the additional feet (“Overhead Installation Charge”). The additional charge shall be paid by the Developer in advance of the Company’s construction.

The Overhead Installation Charge will be equal to the “Overhead Cost Per Foot” times the number of feet in excess of the “Allowed Distance” of 150 feet per House Lot (plus applicable tax contribution factor).

When overhead service is requested, the Company shall be responsible for:

- i. installing (or having others install), owning (individually or jointly) and maintaining (individually or jointly) all poles, primary and secondary wires, transformers, service drops, meters, etc. that, in its opinion are required to provide adequate service;

- ii. designating the location of all Company owned equipment, excluding streetlights, and the service entrance and meter location(s);
- iii. blasting and tree trimming and removal along public ways; the Company may charge the Customer the cost of such blasting and tree trimming and removal if, in the Company's opinion, such cost is excessive; excessive cost shall be defined as the type of work which requires the Company to contract with a third party to remove the ledge through blasting or to trim trees for the purposes of clearing the space needed for the line work.

The Developer, at no cost to the Company, shall be responsible for:

- i. blasting and tree trimming and removal on private property, including roadways not accepted as public ways by the municipality, in accordance with the Company's specifications and subject to the Company's inspection.

The "Overhead Cost Per Foot" will be a predetermined cost per foot as calculated by the Company.

The Overhead Installation Charge is nonrefundable if the line is built.

4. Underground Lines

A Developer may request an underground distribution line in lieu of the regular overhead line. If requested, however, the Company will estimate the cost of providing the underground line to the development using a predetermined underground cost per foot ("Underground Cost Per Foot"). The Developer will be required to pay an "Underground Charge" equal to:

- (A) the difference between the estimated underground construction cost (based on Underground Cost Per Foot) and the estimated construction cost for a regular overhead line (based on the Overhead Cost Per Foot); plus
- (B) the Overhead Installation Charge, if any, that would have been paid for an overhead line in the development as calculated in Section 3 above; plus
- (C) a tax contribution factor based on the value of donated property and/or any cash contribution.

The Underground Charge shall be paid by the Developer in advance of the Company's construction and is nonrefundable if the line is built.

The Developer will be responsible for removal of ledge, trenching and backfilling in accordance with the Company's construction standards and/or the "Information & Requirements for Electric Service" as published by the Company from time to time and shall comply with codes and requirements of legally constituted authorities having jurisdiction. In addition, the Developer will be responsible for:

- i. providing, prior to the start of the Company's construction, all applicable documents required for the Company to prepare design drawings and easements for its facilities to be installed on private property;
- ii. providing and installing all required foundations (except for Company owned street light foundations), handholes, manholes, grounding systems, all conduit including spacers, glue and pulling strings, etc. as indicated on the Company's plan and related construction documents and in accordance with the Company's specifications;
- iii. installing foundations, provided by the Company, for proposed street lighting based on a plan approved, in writing, by a Municipality, which includes agreement by that Municipality to accept responsibility for payment of the lights once the lights are energized;
- iv. supplying copies of all invoices, when requested, indicating manufacturer and part number for all such equipment listed above; equipment that is not approved shall not be used without the prior written consent of the Company;
- v. installing, owning, and maintaining all secondary services and service conduit from the Company's equipment to each designated meter location; and
- vi. turning over ownership of the conduit system, excluding the service conduit, to the Company upon inspection and acceptance of the conduit system by the Company.

When underground service is requested, the Company shall be responsible for:

- i. developing the plan to provide underground electric service;
- ii. supplying a list of approved manufacturers and their part numbers for equipment to be supplied by the Customer;
- iii. designating the location of all Company owned equipment, excluding street lights, and the service entrance and meter location(s);
- iv. providing Company owned street light foundations;
- v. providing, installing, owning and maintaining all transformers, Company owned street lights, primary and secondary cable, except services;
- vi. making all connections to Company equipment; and

- vii. inspecting the underground conduit system and equipment foundations installed by the Customer, prior to backfilling.

5. Publication of Current Per Foot Costs

The Overhead Costs Per Foot and Underground Costs Per Foot for new construction shall be as calculated by the Company and placed on file with the Public Utilities Commission. These costs are included in the attachment to this policy.

The Company also will provide such “Overhead and Underground Costs Per Foot” and the method of calculating the applicable tax contribution factor to anyone who inquires.

If the Company changes the Overhead and Underground Cost Per Foot or method of calculating the tax contribution factor, it will notify the Commission in writing and provide a copy of the written notice to the Rhode Island Builders Association, if in existence.

The Company will not increase the Overhead or Underground Costs Per Foot by more than 10% per year without specific approval from the Commission and advance notice to the Rhode Island Builders Association, if in existence.

6. Developer Provides Plans and Documentation

The total number of house lots proposed to be constructed (“House Lots”) will be provided in advance to the Company by the Developer (prior to the Company building the distribution line), along with an electronic copy (in a format acceptable to the Company) of the subdivision plan approved by the planning board in the applicable community.

The Company may require the Developer to provide, in advance, the following:

- (A) a copy of the approval of the planning board for the subdivision;
- (B) a copy of all permits and approvals that have been obtained for constructing the development;
- (C) the name and address of the bank or credit union providing financing for the development, including a contact person and phone number;
- (D) a copy of a city/town-approved street light proposal for the development. If installation is requested after construction is completed, the actual, incremental cost of installing the street lights may be borne by the city/town if the tariff does not collect all costs of construction.
- (E) a schedule or Developer’s best estimate for the construction of homes in the development; and
- (F) if requested by the Company, such other reasonable information that may be requested to confirm the viability of the development.

7. Building the Distribution Line in Segments

The Company may, in its own discretion, construct the distribution line in segments, rather than all at once in the proposed development.

8. Line Extension Agreement

The Company will require the Developer to sign a Line Extension Agreement setting forth the terms of this policy and any other terms that the Company deems are reasonably necessary in connection with the installation of a distribution line in the development, provided that such terms are not inconsistent with the terms expressed in this policy.

9. Winter Moratorium on Underground Construction

From the period of December 15 to April 1, the Company may decline, in its sole discretion, to install any underground facilities.

10. Easements

The Company will require the Developer to provide the Company with easements (drafted by the Company) for all facilities to reach and serve the development.

Effective: February 1, 2006

**Narragansett Electric Company
Per Foot Costs for Line Extensions
For Residential Developments**

The Per Foot Costs referred to the above policy are as follows:

Underground Cost Per Foot:	\$12.48
Overhead Cost Per Foot:	\$8.80

These costs are effective until the Rhode Island Public Utilities Commission is notified in writing of any changes (with a copy of the written notice provided to the Rhode Island Builders Association).

Effective: February 1, 2006

THE NARRAGANSETT ELECTRIC COMPANY

POLICY 3

LINE EXTENSION AND CONSTRUCTION ADVANCE POLICY

FOR COMMERCIAL, INDUSTRIAL AND EXISTING RESIDENTIAL CUSTOMERS

The terms of this policy shall apply when a commercial, industrial or non-residential (a real estate development which is not an approved subdivision of single-family homes) customer (“Customer”) requests that a distribution line and/or other facilities (“New Facilities”) necessary to properly supply electricity to the Customer’s facilities be installed. This policy applies only to the installation of electric service by Narragansett Electric Company (“Company”). The Customer should contact other utilities to determine the utilities’ requirements governing the provision of their service and whether any costs and/or requirements are to be the responsibility of the Customer.

The terms of this policy shall also apply to an individual residential customer whose upgrade of the existing main switch to his/her premises will, in the Company’s opinion, require the Company to upgrade its distribution line or associated equipment. In applying this policy, the Company will estimate any additional incremental revenue that may be realized as a result of the upgraded service for the purposes of determining whether a Construction Advance is required from the residential customer.

1. Amount of Overhead Distribution Provided without Charge

If the New Facilities being requested by the Customer consists of an overhead, single phase, secondary voltage distribution line extension that does not exceed two poles and two spans of line, the Company will provide the poles and spans of line needed to serve the New Facilities plus a service drop (that does not require a carrier pole) free of charge to the Customer. Otherwise, the costs of all poles and spans of line determined by the Company as needed to serve the New Facilities will be included in the cost component of the Construction Advance Formula described below.

2. Estimated Revenue

Before undertaking the construction of the New Facilities to serve the Customer, the Company will estimate the annual incremental revenue to be derived by the Company under the local distribution service rates from the installation of the New Facilities.

3. Construction Advance

The Company will determine the facilities required to meet the distribution service requirements of the Customer. Facilities in excess of those required to meet the distribution service requirements of the Customer are outside the scope of this policy and may entail additional payments from the Customer.

In accordance with the formula below (the “Formula”), the Company shall determine

whether a payment by the Customer of a Construction Advance shall be required. The Construction Advance shall be paid by the customer in advance of the Company's construction.

$$\text{Construction Advance (A)} = [C - [D \times M] \div K]$$

where

- A= Construction Advance paid to the Company by the Customer.
- C= The total estimated cost of construction for facilities required exclusively to meet the distribution service requirements of the Customer. This cost includes capital and non-capital costs and the Company's liability for tax required on the value of the material and labor provided by the Customer. Where these new or upgraded facilities are not solely to provide service to the Customer, the Company shall appropriately apportion these costs.
- D= For a single customer, the estimated annual Distribution Revenue derived from the Customer within the first year following the completion of the Company's construction of facilities; or for developments, the estimated additional annual Distribution Revenue derived from those new customers in the development anticipated to be supplied directly with electric service within one year from the commencement of the delivery of electricity to the first customer in the development.
- M= 0.5, the revenue apportionment factor.
- K= The annual carrying charge factor, expressed as a decimal.

Where the calculation of (A) results in a positive number, a Construction Advance in the amount of (A) shall be required from the Customer. Where the calculation of (A) results in a negative number, (A) shall be considered to be zero. Where the calculation of (A) results in a Construction Advance of \$500 or less, the payment of the Construction Advance will be waived. The Company shall exercise good faith in making each estimate and determination required above.

Any revenues from Transmission Service, the Non-Bypassable Transition Charge, Standard Offer Service, Last Resort Service, and the Demand Side Management Charge shall be excluded from this calculation.

The Construction Advance in the formula shall be further adjusted to include a tax contribution factor on the cash value of the Construction Advance, excluding the value of the tax contribution on any donated property received from the Customer. This tax contribution factor shall be paid in full by the Customer prior to the start of construction.

4. Refund

Whenever the Company collects a Construction Advance from the Customer, the Customer has the option to request the Company to perform a one-time recalculation of the Construction Advance payment using actual construction costs and actual Distribution Revenue to determine if a refund of all or a portion of the original payment is warranted. The request for the one-time review may be made at any time between twelve and thirty-six months after commencement of the delivery of electricity.

To determine the refund, the Formula shall be modified as follows:

- C= The actual cost of construction. If the actual cost of construction exceeds the estimate, then the estimated cost of construction shall be used. This cost includes capital and non-capital costs and the Company's liability for tax required on the value of the material and labor provided by the Customer. Where these new or upgraded facilities are not solely to provide service to the Customer, the Company shall appropriately apportion these costs.
- D= The actual annual Distribution Revenue for the most recent twelve months.
- M= 0.5, the revenue apportionment factor.
- K= The annual carrying charge factor, expressed as a decimal.

If a lower or negative (A) results from applying the Formula as so modified, and if, in the Company's opinion, a risk does not exist regarding either a future reduction in the level of the Customer's usage or the collectability of the Customer's account, then the Company shall refund a portion of or the entire calculated Construction Advance, or the full cost of construction, without interest. In no case shall the amount refunded exceed the original Construction Advance (A); nor shall the review result in additional payments from the Customer.

If a refund is made, the Company will refund the appropriate portion of any tax contribution factor at the current tax rate.

5. Overhead Line Extension

When overhead service is requested, the Company shall be responsible for:

- i. installing (or having others install), owning (individually or jointly) and maintaining (individually or jointly) all poles, primary and secondary wires, transformers, service drops, meters, etc. that, in its opinion are required to provide adequate service;
- ii. designating the location of all Company owned equipment, excluding streetlights, and the service entrance and meter location(s);

- iii. blasting and tree trimming and removal along public ways; the Company may charge the Customer the cost of such blasting and tree trimming and removal if, in the Company's opinion, such cost is excessive; excessive cost shall be defined as the type of work which requires the Company to contract with a third party to remove ledge through blasting or to trim trees for the purposes of clearing the space needed for the line work.

The Customer, at no cost to the Company, shall be responsible for:

- i. blasting and tree trimming and removal on private property, including roadways not accepted as public ways by the municipality, in accordance with the Company's specifications and subject to the Company's inspection.

The Company may, at its discretion, construct the distribution line in segments rather than all at once in the proposed development.

6. Underground Lines

- (A) If the Customer requests an underground distribution line in lieu of the standard overhead line, the Company will give reasonable consideration to the request. If the Company believes that there are technical complications, safety issues, engineering concerns, or other reasonable concerns regarding the feasibility and/or maintenance of an underground system in the given circumstances, the Company may decline to provide underground service.
- (B) If the Company agrees to underground service, the Customer will be responsible for removal of ledge, trenching and backfilling in accordance with the Company's construction standards and/or the "Information & Requirements for Electric Service" as published by the Company from time to time and shall comply with the codes and requirements of legally constituted authorities having jurisdiction.

In addition, the Customer will be responsible for:

- i. providing, prior to the start of the Company's construction, all applicable documents and electronically formatted site plans required for the Company to prepare design drawings and easements for its facilities to be installed on private property;
- ii. providing and installing all required foundations (except for Company owned street light foundations), handholes, manholes, grounding systems, secondary cable, all conduit including spacers, glue and pulling strings, etc. as indicated on the Company's plan and related construction documents and in accordance with the Company's specifications;

- iii. Installing foundations, provided by the Company, for Company owned street lights;
- iv. supplying copies of all invoices, when requested, indicating manufacturer and part number for all such equipment listed above; equipment that is not approved shall not be used without the prior written consent of the Company;
- v. retaining ownership of transformer foundations and grounding systems, and all secondary cables and conduit on private property, excluding Company owned street lighting; and
- vi. turning over ownership of the conduit system, excluding the secondary conduit, to the Company upon inspection and acceptance of the conduit system by the Company.

When underground service is requested, the Company shall be responsible for:

- i. developing the plan to provide underground electric service;
- ii. supplying a list of approved manufacturers and their part numbers for equipment to be supplied by the Customer;
- iii. designating the location of all Company owned equipment, excluding street lights, and the service entrance and meter location(s);
- iv. providing Company owned street light foundations;
- v. providing, installing, owning and maintaining all transformers, primary cable, related primary equipment, Company owned street lights, and meters;
- vi. making all connections to Company equipment; and
- vii. inspecting the underground conduit system and equipment foundations installed by the Customer, prior to backfilling.

7. Winter Moratorium on Underground Construction

From December 15 to April 1, the Company may decline, in its sole discretion, to install any underground facilities.

8. Easements

The Company will require the Customer to provide the Company a permanent easement (drafted by the Company) for all facilities to reach and serve the New Facilities.

9. Additional Payment

When, in the Company's opinion, significant engineering is required to determine the method of service or prepare construction estimates, the Company will estimate the cost of such engineering. The Company may charge the Customer this cost before engineering begins. If construction is undertaken, this payment will be applied to any required Construction Advance. If construction is not undertaken, the Company will refund any balance not spent. If no Construction Advance is required, the entire additional advance payment will be refunded.

Effective: February 1, 2006

THE NARRAGANSETT ELECTRIC COMPANY

TERMS AND CONDITIONS FOR DISTRIBUTION SERVICE

The following Terms and Conditions where not inconsistent with the rates are a part of all rates. The provisions of these Terms and Conditions apply to all persons, partnerships, corporations or others (the Customer) who obtain local distribution service from The Narragansett Electric Company (the Company) and to companies that are nonregulated power producers, as defined in Rhode Island General Laws. All policies, standards, specifications, and documents referred to herein have been filed with the Rhode Island Public Utilities Commission (Commission) and Division, and such documents and any revisions have been filed at least 30 days before becoming effective. Compliance by the Customer and nonregulated power producer is a condition precedent to the initial and continuing delivery of electricity by the Company:

Service Connection

1. The Customer shall wire to the point designated by the Company, at which point the Company will connect its facilities. In addition, the Customer's facilities shall comply with any reasonable construction and equipment standards required by the Company for safe, reliable, and cost efficient service.

Application for Service

2. Application for new service or alteration to an existing service should be made as far in advance as possible to assure time for engineering, ordering of material, and construction. Upon the Company's reasonable request, the Customer shall provide to the Company all data and plans reasonably needed to process this application.

Line Extensions [Overhead (OH) & Underground (UG)]

3. The Company shall construct or install overhead or underground distribution facilities or other equipment determined by the Company to be appropriate under the following policies: Line Extension Policy for Residential Developments, Line Extension Policy for Individual Residential Customers, and Line Extension and Construction Advance Policy for Commercial, Industrial and Existing Residential Customers. Whenever it is necessary to provide service and a Customer requests the Company to extend or install poles, distribution lines or other service equipment to the Customer's home, premises or facility in order to supply service, the Company will furnish the necessary poles, wires, or equipment in accordance with the Company's "Line Extension and Construction Advance Policies" on file with the Commission. Except as provided in the "Policies", all such equipment, poles, and wires shall remain the property of the Company and be maintained by it in accordance with the "Policies". To the extent that any Company property needs to be located on private property, the Company will require the Customer to furnish a permanent easement.

Attachments

4. Any individual or organization who requests an attachment to distribution facilities, utility poles, or along any span between such poles, shall comply with the Company's specifications and policies governing the type of construction, metering, attachment fees, easements, permissions and electrical inspections required.

Outside Basic Local Distribution Services

5. Customers requesting the Company to arrange for Customer facility outages or additional maintenance or construction not normally part of basic local distribution service will be notified in a reasonable timely manner by the Company that the customer shall be required to pay these the Company's costs of reasonably meeting the request.

Acquisition of Necessary Permits

6. The Company shall make, or cause to be made, application for any necessary street permits, and shall not be required to supply service until a reasonable time after such permits are granted. The Customer shall obtain or cause to be obtained all permits or certificates, except street permits, necessary to give the Company or its agents' access to the Customer's equipment and to enable its conductors to be connected with the Customer's equipment.

Service to "Out-Building"

7. The Company shall not be required to install service or meter for a garage, barn or other out-building, so located that it may be supplied with electricity through a service and meter in the main building.

Customer Furnished Equipment

8. The Customer shall furnish and install upon its premises such service conductors, service equipment, including circuit breaker if used, and meter mounting device as shall conform with specifications issued from time to time by the Company, and the Company will seal such service equipment and meter mounting device, and adjust, set and seal such circuit breaker, and such seals shall not be broken and such adjustments or settings shall not be changed or in any way interfered with by the Customer.

The Customer shall furnish and maintain, at no cost to the Company, the necessary space, housing, fencing, and foundations for all equipment that is installed on its premises in order to supply the Customer with local distribution service, whether such equipment is furnished by the Customer or the Company. Such space, housing, fencing, and foundations shall be in conformity with the Company's specifications and subject to its approval.

Up-Keep of Customer Equipment

9. The Customer's wiring, piping, apparatus and equipment shall, at all times, conform to the requirements of any legally constituted authorities and to those of the Company, and the Customer shall keep such wiring, piping, apparatus and equipment in proper repair.

Installation of Meters

10. Meters of either the indoor or outdoor type shall be installed by the Company at locations to be designated by the Company. The Company may at any time change any meter installed by it. The Company may also change the location of any meter or change from an indoor type to an outdoor type, provided that the cost of the change shall be borne by the Company except when such change is pursuant to the provisions of Paragraph 11. Upon the reading of the Company's meter all bills shall be computed. If more than one meter is installed, unless it is installed at the Company's option, the monthly charge for local distribution service delivered through each meter shall be computed separately under the applicable rates.

Unauthorized and Unmetered Use

11. Whenever the Company determines that an unauthorized and unmetered use of electricity is being made on the premises of a Customer and is causing a loss of revenue to the Company, the Company may, at the Customer's expense, make such changes in the location of its meters, appliance and equipment on said premises as will, in the opinion of the Company, prevent such unauthorized and unmetered use from being made.

Definition of Month

12. Whenever reference is made to "month" in connection with electricity delivered or payments to be made, it shall mean the period between two successive regular monthly meter readings or estimated meter readings, the second of which occurs in the month to which reference is made. If the Company is unable to read the meter when scheduled, the necessary billing determinants may be estimated. Bills may be rendered on such estimated basis and will be payable as so rendered.

Payment Due Date -- Interest Charge

13. All bills shall be due and payable upon receipt. Bills rendered to customers, other than individually metered residential customers, on which payment has not been received by the "Avoid Interest Date" as shown on the bill, shall bear interest, at the rate of 1¼% per month on any unpaid balance, including any outstanding interest charges, from the date of receipt until the date of payment. The "Avoid Interest Date" corresponds to the next normal bill preparation date. Bills disputed in good faith by a Customer will not be subject to the late payment charge until after the dispute is resolved.

Customer payment responsibilities with their nonregulated power producer will be governed by

the particular Customer/nonregulated power producer contract. Payments made through the Company for electricity purchased from a nonregulated power supplier will be applied first to any Narragansett charges or arrearages.

Returned Check Fee

14. A \$15.00 Fee shall be charged to the Customer for each check presented to the Company that is not honored by the financial institution. This fee shall be applicable only where the check has been dishonored after being deposited for a second time.

Seasonal Customers

15. Seasonal Customers are those using local distribution services between June 1st and September 30th only, or those using local distribution services principally between June 1st and September 30th and incidentally or intermittently during the rest of the year.

Deposit and Security

16. The Company may require a cash deposit or other collateral satisfactory to it as security for prompt payment of the Customer's indebtedness to the Company. The rate of interest shall be adjusted on March 1st annually. The interest rate in effect in any year shall be based on the average rate over the prior calendar year for 10-year constant maturity Treasury Bonds as reported by the Federal Reserve Board.

Payments for Line Extensions

17. The Company may require a Customer to pay for all or a portion of the cost of extending or installing poles, distribution lines, or equipment to the Customer's home, premises or facility, consistent with the terms of the Company's "Line Extension and Construction Advance Policies" on file with the Commission.

Determining Customer's Demand

18. The demand is the maximum rate of taking electricity. Under ordinary load conditions it will be based upon one or more fifteen-minute peaks as herein defined. A fifteen-minute peak is the average rate of delivery of electricity during any fifteen-minute period as determined by any suitable instrument chosen by the Company. In the case of extremely fluctuating load, however, where the demand based on the average over fifteen minutes does not fairly represent the maximum demand imposed by the Customer, the demand will be based upon the instantaneous peak or the peak for a shorter period than fifteen minutes. Such measurements will be made by any suitable instrument chosen by the Company. The demand which is billed to the Customer is determined according to the terms of the appropriate tariffs approved by the PUC from time to time.

Customer Changing Rates

19. The Customer may change from the rate under which he is purchasing electricity to any other rate applicable to a class of service which he is receiving. Any change, however, shall not be retroactive, nor reduce, eliminate or modify any contract period, provision or guarantee made in respect to any line extension or other special condition. Nor shall such change cause such service to be billed at any rate for a period less than that specified in such rate except during the first year of electric service to any Customer. A Customer having changed from one rate to another may not again change within twelve months or within any longer contract period specified in the rate under which he is receiving electric service.

Discontinuance of Service

20. Subject to the Rules and Regulations of the Commission, the Company shall have the right to discontinue its service upon due notice and to remove its property from the premises in case the Customer fails to pay any bill due the Company for such service, or fails to perform any of its obligations to the Company. For restoration of service after such discontinuance, a reconnection charge of \$10.00 will be made.

Right of Access

21. The Company shall have the right of access to the Customer's premises at all reasonable times for the purpose of examining or removing the Company's meters, and other appliances and equipment. During emergency conditions, the Company shall have the right of access to the Customer's premises at all hours of the day to make conditions safe and/or to restore service.

Safeguarding Company Equipment

22. The Customer shall not permit access for any purpose whatsoever, except by authorized employees of the Company, to the meter or other appliances and equipment of the Company, or interfere with the same, and shall provide for their safe keeping. In case of loss or damage of the Company's property, the Customer shall pay to the Company the value of such property or the cost of making good the same.

Temporary Service

23. A temporary connection is local distribution service which does not continue for a sufficient period to yield the Company adequate revenue at its regular local distribution service rates to justify the expenditures necessary to provide such a connection. The Company may require a Customer requesting a temporary connection to pay the full amount of the estimated cost of installing and removing the requested connection, less estimated salvage value, in advance of the installation of the connection by the Company. In addition, the customer shall pay the applicable regular local distribution service and, if applicable, basic or standard offer service rates.

Limitation of Liability for Service Problems

24. The Company shall not be liable for any damage to equipment or facilities using electricity which damage is a result of Service Problems, or any economic losses which are a consequence of Service Problems. For purposes of this paragraph, the term "Service Problems" means any service interruption, power outage, voltage or amperage, fluctuations, discontinuance of service, reversal of its service, or irregular service caused by accident, labor difficulties, condition of fuel supply or equipment, federal or state agency order, failure to receive any electricity for which the Company has contracted, or any other causes beyond the Company's immediate control.

However, if the Company is unable for any reason to supply electricity for a continuous period of two days or more, then upon the request of the Customer, the Demand Charge, if any, shall be suspended for the duration of such inability.

The Company shall not be liable for damage to the person or property of the Customer or any other persons resulting from the use of electricity or the presence of the Company's appliances and equipment on the Customer's premises.

Limitation on Use of Electricity - Auxiliary & Temporary Local Distribution Service

25. Local distribution service supplied by the Company shall not be used to supplement or relay, or as standby or back up to any other electrical source or service except under the provisions of the Auxiliary Service Rate or Back-Up Service Rate, unless the Customer shall makes such guarantees with respect to the payment for such local distribution service as shall be just and reasonable in each case. Where such local distribution service is supplied, the Customer shall not operate its generation in parallel with the Company's system without the consent of the Company, and then only under such conditions as the Company may specify from time to time.

Company Right to Place Facilities on Customer Property

26. The Company has the right to place on a Customer's property facilities to provide and meter electric service to the Customer.

Company Right to Request a Guarantee

27. Whenever the estimated expenditures for the services or equipment necessary to deliver electricity to a Customer's premises shall be of such an amount that the income to be derived therefrom at the applicable rates will, in the opinion of the Company, be insufficient to warrant such expenditures, the Company may require a Customer to guarantee a minimum annual payment or commitment for a term of years, or to pay the whole or a part of the cost of such equipment.

Fluctuating Load & Harmonic Distortion

28. In certain instances, extreme fluctuating loads or harmonic distortions which are created by

a Customer's machinery or equipment may impair service to other Customers. If the fluctuating load or harmonic distortion causes a deterioration of the Company's service to other customers, the Company shall specify a service arrangement that avoids the deterioration and the Customer owning or operating the equipment that causes the fluctuation or distortion shall pay the cost to implement the new service arrangement together with applicable taxes.

Customer Tax Liability

29. The Company shall collect taxes imposed by governmental authorities on services provided or products sold by the Company. It shall be the Customer's responsibility to identify and request any exemption from the collection of the tax by filing appropriate documentation with the Company.

Customer/Supplier Relationship

30. For electricity supplied by nonregulated power producers, the Company is a local distribution service provider of electricity supplied by others. When such electricity is supplied and delivered to the Company's local distribution supply point, the Company then performs a delivery service for the electricity. Ownership of such electricity lies with either the non-regulated power producer or Customer, as per the specific agreement between the Customer and the nonregulated power producer. In no case shall the Company be liable for loss of electricity.

Customer Notice and Right to Appeal

31. Where practicable, the Company will give the Customer reasonable notice of actions taken pursuant to these Terms & Conditions. The Customer shall have the right to appeal, pursuant to the Division's Rules of Practice and Procedure, all action taken by the Company hereunder.

Effective: February 1, 2006

THE NARRAGANSETT ELECTRIC COMPANY

POLICY 1

LINE EXTENSION POLICY FOR INDIVIDUAL RESIDENTIAL CUSTOMERS

When an individual residential customer (“Customer”) requests that a distribution line be extended to serve such customer’s home whether over private property, along common way or along a public way, the terms of this policy shall apply. This policy applies only to the installation of electric service by Narragansett Electric Company (“Company”). The Customer should contact other utilities to determine the utilities’ requirements governing the provision of their service and whether any costs and/or requirements are to be the responsibility of the Customer.

1. Installation of Overhead Distribution Line

The Company will provide a regular overhead 120/240 volts, single phase, 3 wire service up to a capacity limit of 50 kVA for the Customer. The Company will determine the route of the distribution line in consultation with the Customer.

2. Distance of Overhead Distribution Line Allowed Without Charge

The Company will provide up to two poles and two spans of overhead distribution line needed to serve the Customer plus a service drop (that does not require a carrier pole) to the Customer’s home free of charge.

3. Overhead Line Extension

If more than two poles and two spans of overhead distribution line are required to serve the Customer’s home, the Customer will pay an “Overhead Installation Charge”, as determined below.

The Overhead Installation Charge will be equal to the number of feet of distribution line (beyond two poles and two spans) required to serve the Customer’s home, multiplied by the “Overhead Cost Per Foot” (as defined in section 9 below), plus the applicable tax contribution factor.

When overhead service is requested, the Company shall be responsible for:

- i. installing (or having others install), owning (individually or jointly) and maintaining (individually or jointly) all poles, primary and secondary wires, transformers, service drops, meters, etc. that, in its opinion are required to provide adequate service;
- ii. designating the location of all Company owned equipment, excluding streetlights, and the service entrance and meter location(s);

- iii. blasting and tree trimming and removal along public ways; the Company may charge the Customer the cost of such blasting and tree trimming and removal if, in the Company's opinion, such cost is excessive; excessive cost shall be defined as the type of work which requires the Company to contract with a third party to remove ledge through blasting or to trim trees for the purposes of clearing the space needed for the line work.

The Customer, at no cost to the Company, shall be responsible for:

- i. blasting and tree trimming and removal on private property, including roadways not accepted as public ways by the municipality, in accordance with the Company's specifications and subject to the Company's inspection.

4. Payment Terms

~~For~~If the Overhead Installation Charges ~~up to is less than~~ \$6,000, the Customer will be required to pay the entire amount before the start of construction. If the Overhead Installation Charge is greater than \$6,000 or greater, the Customer will have the option to either pay the entire amount before the start of construction, or pay \$6,000 before the start of construction and pay the amount in excess of \$6,000 under a payment plan. The term of the payment plan will be based on equal payments of at least \$75 per month until the amount in excess of \$6,000 is paid in its entirety. The term of the payment plan is not to exceed within a period of five (5) years in or sixty (60) equal monthly payments. The amount collected under the payment plan will include, plus interest at the rate of interest applicable to the Company's customer deposit accounts.

5. More Than One Customer

Where overhead service is requested by more than one Customer for the same line, the Overhead Installation Charge will be prorated among those Customers, based on the amount of line attributable to each Customer. (The calculation of the Overhead Installation Charge shall allow for a credit equal to the Overhead Cost Per Foot of two poles and two spans for each Customer).

6. Customer Added After Initial Construction

If a new Customer (or group of customers) is supplied service from facilities constructed under this policy, and if such service begins within five (5) years from the date of the first payment received by the Company from the original Customer or group of Customers, the Company will require such new Customer(s) to make prorated contribution to payment of the balance of the Overhead Installation Charge. Any contribution received from a new Customer will be used to proportionately reduce the balance owed by the initial Customer(s). In addition, a credit of two poles and two spans per customer will be applied against the remaining balance. However, no refunds will be paid if the credit exceeds the balance.

7. Change of Customer

The Customer must agree, as a condition for the line extension monthly payment terms, that if he/she sells, leases or otherwise transfers control and use of the home to another individual (“New Occupant”), and such New Occupant opens a new account with the Company, the Customer will obtain an agreement from such New Occupant to pay the remaining balance as prescribed in the agreement of the Overhead Installation Charge that would have been owed by the Customer at that location. Otherwise, the Customer will remain personally liable for the balance owed.

The Company reserves the right to place a lien on the property until such time that the obligation is fulfilled.

8. Underground Lines

If the Customer requests an underground distribution line in lieu of the standard overhead line, the Company will give reasonable consideration to the request. If the Company believes that there are technical complications, safety issues, engineering concerns, or other reasonable concerns regarding the feasibility and/or maintenance of an underground system in the given circumstances, the Company may decline to provide underground service.

If the Company agrees to an underground service, the Company will estimate the cost of providing the underground line to the home, using a predetermined underground cost per foot (“Underground Cost Per Foot”). The Customer will be required to pay an “Underground Charge” equal to:

- (A) the Company’s estimated cost of installing the underground line (based on Underground Cost Per Foot); minus
- (B) an amount equal to the Overhead Cost Per Foot of two poles and two spans; plus
- (C) a tax contribution factor based on the value of donated property and/or any cash contribution.

When the above results in a negative number, there shall be no Underground Charge.

The Underground Charge shall be paid by the customer in advance of the Company’s construction (even if it exceeds \$6,000) and is nonrefundable if the line is built.

The Customer will be responsible for removal of ledge, trenching, backfilling in accordance with the Company’s construction standards and/or the “Information & Requirements for Electric Service” as published by the Company from time to time, and shall comply with codes and requirements of legally constituted authorities having jurisdiction.

In addition, the Customer will be responsible for:

- i. providing, prior to the start of the Company’s construction, all applicable documents and site plans required for the Company to prepare design

drawings and easements for its facilities to be installed on private property;

- ii. providing and installing all required foundations (except for Company owned street light foundations), handholes, manholes, grounding systems, secondary cable, all conduit including spacers, glue and pulling strings,
- iii. etc. as indicated on the Company's plan and related construction documents;
- iv. installing foundations, provided by the Company, for Company owned street lights;
- v. supplying copies of all invoices, when requested, indicating manufacturer and part number for all such equipment listed above; equipment that is not approved shall not be used without the prior written consent of the Company;
- vi. installing, owning, and maintaining all secondary services and service conduit from the Company's equipment to the designated meter location(s); and
- vii. turning over ownership of the conduit system, excluding the service conduit, to the Company upon inspection and acceptance of the conduit system by the Company.

When underground service is requested, the Company shall be responsible for:

- i. supplying a list of approved manufacturers and their part numbers for equipment to be supplied by the Customer;
- ii. designating the location of all Company owned equipment, excluding street lights, and the service entrance and meter location(s);
- iii. providing Company owned street light foundations;
- iv. providing, installing, owning and maintaining the transformer, Company owned street lights, meter and primary cable;
- v. making all connections to Company equipment; and
- vi. inspecting the underground conduit system and equipment foundations installed by the Customer, prior to backfilling.

9. Publication of Current Per Foot Costs

The Overhead Costs Per Foot and Underground Costs Per Foot for new construction

shall be as calculated by the Company and placed on file with the Public Utilities Commission. These costs are included in the attachment to this policy.

10. Tree Trimming

The Customer will be responsible for all necessary tree trimming on private property. Tree trimming along public ways and common ways will remain the responsibility of the Company but may cause additional charges to be billed to the Customer [if the type of work requires the Company to contract with a third party to trim trees for the purposes of clearing the space needed for the line work.](#)

11. Line Extension Agreement

The Company will require the Customer to sign a Line Extension Agreement setting forth the terms of this policy and any other terms that the Company deems are reasonably necessary in connection with the installation line to the Customer's home, provided that such terms are not inconsistent with the terms expressed in this policy.

12. Temporary Service

This policy shall not apply to lines constructed for temporary service, unless the Company, in its sole discretion, deems it appropriate in the given circumstances of each case.

13. Winter Moratorium on Underground Construction

From the period of December 15 to April 1, the Company may decline, in its sole discretion, to install any underground facilities.

14. Easements

The Company will, as a condition on the installation of the service, require the Customer to provide the Company with an easement (drafted by the Company) for all facilities located on private property.

15. Customer Request to Upgrade Service

When, in the Company's opinion, the Company is required to upgrade its distribution line, or any associated equipment, in order to accommodate a Customer's upgrade of the existing main switch to the Customer's premises, the terms of Policy 3 shall apply.

Effective: February 1, 2006

**Narragansett Electric Company
Per Foot Costs for Line Extensions
For Individual Residential Customers**

The Per Foot Costs referred to in the above policy are as follows:

Underground Cost Per Foot:	\$12.48
Overhead Cost Per Foot:	\$8.80

These costs are effective until the Rhode Island Public Utilities Commission is notified in writing of any changes (with a copy of the written notice provided to the Rhode Island Builders Association).

Effective: February 1, 2006

THE NARRAGANSETT ELECTRIC COMPANY

POLICY 2

LINE EXTENSION POLICY FOR RESIDENTIAL DEVELOPMENTS

When a developer, contractor, builder or other customer (“Developer”) proposing to construct a residential development or individual homes requests that distribution lines be constructed to serve the development or homes, the terms of this policy shall apply. This policy applies only to the installation of electric service by Narragansett Electric Company (“Company”). The Customer should contact other utilities to determine the utilities’ requirements governing the provision of their service and whether any costs and/or requirements are to be the responsibility of the Customer.

1. Installation of Overhead Distribution Lines

The Company will provide a regular overhead distribution line to the development or individual homes designed to provide regular residential service to each home proposed in the project. The Company will determine the route of the line in consultation with the Developer. The Developer shall wire to the point designated by the Company, at which point the Company will connect its facilities. In addition, the Developer’s facilities shall comply with the Company’s construction standards and/or the “Information & Requirements for Electric Service” as published by the Company from time to time and shall comply with codes and requirements of legally constituted authorities having jurisdiction.

2. Distance of Overhead Distribution Line Allowed Without Charge

The Company will provide 150 feet of overhead distribution line, not including the secondary service drop, per each “house lot” free of charge.

3. Overhead Line Extension

If the number of centerline feet of overhead distribution line required to serve the development (“Required Line Distance”) is greater than the “Allowed Distance” of 150 feet per “House Lot”, then there will be a charge to the Developer for the overhead line extension for the additional feet (“Overhead Installation Charge”). The additional charge shall be paid by the Developer in advance of the Company’s construction.

The Overhead Installation Charge will be equal to the “Overhead Cost Per Foot” times the number of feet in excess of the “Allowed Distance” of 150 feet per House Lot (plus applicable tax contribution factor).

When overhead service is requested, the Company shall be responsible for:

- i. installing (or having others install), owning (individually or jointly) and maintaining (individually or jointly) all poles, primary and secondary wires, transformers, service drops, meters, etc. that, in its opinion are required to provide adequate service;

- ii. designating the location of all Company owned equipment, excluding streetlights, and the service entrance and meter location(s);
- iii. blasting and tree trimming and removal along public ways; the Company may charge the Customer the cost of such blasting and tree trimming and removal if, in the Company's opinion, such cost is excessive; excessive cost shall be defined as the type of work which requires the Company to contract with a third party to remove the ledge through blasting or to trim trees for the purposes of clearing the space needed for the line work.

The Developer, at no cost to the Company, shall be responsible for:

- i. blasting and tree trimming and removal on private property, including roadways not accepted as public ways by the municipality, in accordance with the Company's specifications and subject to the Company's inspection.

The "Overhead Cost Per Foot" will be a predetermined cost per foot as calculated by the Company.

The Overhead Installation Charge is nonrefundable if the line is built.

4. Underground Lines

A Developer may request an underground distribution line in lieu of the regular overhead line. If requested, however, the Company will estimate the cost of providing the underground line to the development using a predetermined underground cost per foot ("Underground Cost Per Foot"). The Developer will be required to pay an "Underground Charge" equal to:

- (A) the difference between the estimated underground construction cost (based on Underground Cost Per Foot) and the estimated construction cost for a regular overhead line (based on the Overhead Cost Per Foot); plus
- (B) the Overhead Installation Charge, if any, that would have been paid for an overhead line in the development as calculated in Section 3 above; plus
- (C) a tax contribution factor based on the value of donated property and/or any cash contribution.

The Underground Charge shall be paid by the Developer in advance of the Company's construction and is nonrefundable if the line is built.

The Developer will be responsible for removal of ledge, trenching and backfilling in accordance with the Company's construction standards and/or the "Information & Requirements for Electric Service" as published by the Company from time to time and shall comply with codes and requirements of legally constituted authorities having jurisdiction. In addition, the Developer will be responsible for:

- i. providing, prior to the start of the Company's construction, all applicable documents required for the Company to prepare design drawings and easements for its facilities to be installed on private property;
- ii. providing and installing all required foundations (except for Company owned street light foundations), handholes, manholes, grounding systems, all conduit including spacers, glue and pulling strings, etc. as indicated on the Company's plan and related construction documents and in accordance with the Company's specifications;
- iii. installing foundations, provided by the Company, for proposed street lighting based on a plan approved, in writing, by a Municipality, which includes agreement by that Municipality to accept responsibility for payment of the lights once the lights are energized;
- iv. supplying copies of all invoices, when requested, indicating manufacturer and part number for all such equipment listed above; equipment that is not approved shall not be used without the prior written consent of the Company;
- v. installing, owning, and maintaining all secondary services and service conduit from the Company's equipment to each designated meter location; and
- vi. turning over ownership of the conduit system, excluding the service conduit, to the Company upon inspection and acceptance of the conduit system by the Company.

When underground service is requested, the Company shall be responsible for:

- i. developing the plan to provide underground electric service;
- ii. supplying a list of approved manufacturers and their part numbers for equipment to be supplied by the Customer;
- iii. designating the location of all Company owned equipment, excluding street lights, and the service entrance and meter location(s);
- iv. providing Company owned street light foundations;
- v. providing, installing, owning and maintaining all transformers, Company owned street lights, primary and secondary cable, except services;
- vi. making all connections to Company equipment; and

- vii. inspecting the underground conduit system and equipment foundations installed by the Customer, prior to backfilling.

5. Publication of Current Per Foot Costs

The Overhead Costs Per Foot and Underground Costs Per Foot for new construction shall be as calculated by the Company and placed on file with the Public Utilities Commission. These costs are included in the attachment to this policy.

The Company also will provide such “Overhead and Underground Costs Per Foot” and the method of calculating the applicable tax contribution factor to anyone who inquires.

If the Company changes the Overhead and Underground Cost Per Foot or method of calculating the tax contribution factor, it will notify the Commission in writing and provide a copy of the written notice to the Rhode Island Builders Association, if in existence.

The Company will not increase the Overhead or Underground Costs Per Foot by more than 10% per year without specific approval from the Commission and advance notice to the Rhode Island Builders Association, if in existence.

6. Developer Provides Plans and Documentation

The total number of house lots proposed to be constructed (“House Lots”) will be provided in advance to the Company by the Developer (prior to the Company building the distribution line), along with an electronic copy (in a format acceptable to the Company) of the subdivision plan approved by the planning board in the applicable community.

The Company may require the Developer to provide, in advance, the following:

- (A) a copy of the approval of the planning board for the subdivision;
- (B) a copy of all permits and approvals that have been obtained for constructing the development;
- (C) the name and address of the bank or credit union providing financing for the development, including a contact person and phone number;
- (D) a copy of a city/town-approved street light proposal for the development. If installation is requested after construction is completed, the actual, incremental cost of installing the street lights may be borne by the city/town if the tariff does not collect all costs of construction.
- (E) a schedule or Developer’s best estimate for the construction of homes in the development; and
- (F) if requested by the Company, such other reasonable information that may be requested to confirm the viability of the development.

7. Building the Distribution Line in Segments

The Company may, in its own discretion, construct the distribution line in segments, rather than all at once in the proposed development.

8. Line Extension Agreement

The Company will require the Developer to sign a Line Extension Agreement setting forth the terms of this policy and any other terms that the Company deems are reasonably necessary in connection with the installation of a distribution line in the development, provided that such terms are not inconsistent with the terms expressed in this policy.

9. Winter Moratorium on Underground Construction

From the period of December 15 to April 1, the Company may decline, in its sole discretion, to install any underground facilities.

10. Easements

The Company will require the Developer to provide the Company with easements (drafted by the Company) for all facilities to reach and serve the development.

Effective: February 1, 2006

**Narragansett Electric Company
Per Foot Costs for Line Extensions
For Residential Developments**

The Per Foot Costs referred to the above policy are as follows:

Underground Cost Per Foot:	\$12.48
Overhead Cost Per Foot:	\$8.80

These costs are effective until the Rhode Island Public Utilities Commission is notified in writing of any changes (with a copy of the written notice provided to the Rhode Island Builders Association).

Effective: February 1, 2006

THE NARRAGANSETT ELECTRIC COMPANY

POLICY 3

LINE EXTENSION AND CONSTRUCTION ADVANCE POLICY

FOR COMMERCIAL, INDUSTRIAL AND EXISTING NON-RESIDENTIAL CUSTOMERS

The terms of this policy shall apply when a commercial, industrial or non-residential (a real estate development which is not an approved subdivision of single-family homes) customer (“Customer”) requests that a distribution line and/or other facilities (“New Facilities”) necessary to properly supply electricity to the Customer’s facilities be installed. This policy applies only to the installation of electric service by Narragansett Electric Company (“Company”). The Customer should contact other utilities to determine the utilities’ requirements governing the provision of their service and whether any costs and/or requirements are to be the responsibility of the Customer.

The terms of this policy shall also apply to an individual residential customer whose upgrade of the existing main switch to his/her premises will, in the Company’s opinion, require the Company to upgrade its distribution line or associated equipment. In applying this policy, the Company will estimate any additional incremental revenue that may be realized as a result of the upgraded service for the purposes of determining whether a Construction Advance is required from the residential customer.

1. Amount of Overhead Distribution Provided without Charge

If the New Facilities being requested by the Customer consists of an overhead, single phase, secondary voltage distribution line extension that does not exceed two poles and two spans of line, the Company will provide the poles and spans of line needed to serve the New Facilities plus a service drop (that does not require a carrier pole) free of charge to the Customer. Otherwise, the costs of all poles and spans of line determined by the Company as needed to serve the New Facilities will be included in the cost component of the Construction Advance Formula described below.

2. Estimated Revenue

Before undertaking the construction of the New Facilities to serve the Customer, the Company will estimate the annual incremental revenue to be derived by the Company under the local distribution service rates from the installation of the New Facilities.

3. Construction Advance

The Company will determine the facilities required to meet the distribution service requirements of the Customer. Facilities in excess of those required to meet the distribution service requirements of the Customer are outside the scope of this policy and may entail additional payments from the Customer.

In accordance with the formula below (the “Formula”), the Company shall determine whether a payment by the Customer of a Construction Advance shall be required. The Construction Advance shall be paid by the customer in advance of the Company’s construction.

$$\text{Construction Advance (A)} = [C - [D \times M] \div K]$$

where

- A= Construction Advance paid to the Company by the Customer.
- C= The total estimated cost of construction for facilities required exclusively to meet the distribution service requirements of the Customer. This cost includes capital and non-capital costs and the Company’s liability for tax required on the value of the material and labor provided by the Customer. Where these new or upgraded facilities are not solely to provide service to the Customer, the Company shall appropriately apportion these costs.
- D= For a single customer, the estimated annual Distribution Revenue derived from the Customer within the first year following the completion of the Company’s construction of facilities; or for developments, the estimated additional annual Distribution Revenue derived from those new customers in the development anticipated to be supplied directly with electric service within one year from the commencement of the delivery of electricity to the first customer in the development.
- M= 0.5, the revenue apportionment factor.
- K= The annual carrying charge factor, expressed as a decimal.

Where the calculation of (A) results in a positive number, a Construction Advance in the amount of (A) shall be required from the Customer. Where the calculation of (A) results in a negative number, (A) shall be considered to be zero. Where the calculation of (A) results in a Construction Advance of \$500 or less, the payment of the Construction Advance will be waived. The Company shall exercise good faith in making each estimate and determination required above.

Any revenues from Transmission Service, the Non-Bypassable Transition Charge, Standard Offer Service, Last Resort Service, and the Demand Side Management Charge shall be excluded from this calculation.

The Construction Advance in the formula shall be further adjusted to include a tax contribution factor on the cash value of the Construction Advance, excluding the value of the tax contribution on any donated property received from the Customer. This tax contribution factor shall be paid in full by the Customer prior to the start of construction.

4. Refund

Whenever the Company collects a Construction Advance from the Customer, the Customer has the option to request the Company to perform a one-time recalculation of the Construction Advance payment using actual construction costs and actual Distribution Revenue to determine if a refund of all or a portion of the original payment is warranted. The request for the one-time review may be made at any time between twelve and thirty-six months after commencement of the delivery of electricity.

To determine the refund, the Formula shall be modified as follows:

- C= The actual cost of construction. If the actual cost of construction exceeds the estimate, then the estimated cost of construction shall be used. This cost includes capital and non-capital costs and the Company's liability for tax required on the value of the material and labor provided by the Customer. Where these new or upgraded facilities are not solely to provide service to the Customer, the Company shall appropriately apportion these costs.
- D= The actual annual Distribution Revenue for the most recent twelve months.
- M= 0.5, the revenue apportionment factor.
- K= The annual carrying charge factor, expressed as a decimal.

If a lower or negative (A) results from applying the Formula as so modified, and if, in the Company's opinion, a risk does not exist regarding either a future reduction in the level of the Customer's usage or the collectability of the Customer's account, then the Company shall refund a portion of or the entire calculated Construction Advance, or the full cost of construction, without interest. In no case shall the amount refunded exceed the original Construction Advance (A); nor shall the review result in additional payments from the Customer.

If a refund is made, the Company will refund the appropriate portion of any tax contribution factor at the current tax rate.

5. Overhead Line Extension

When overhead service is requested, the Company shall be responsible for:

- i. installing (or having others install), owning (individually or jointly) and maintaining (individually or jointly) all poles, primary and secondary wires, transformers, service drops, meters, etc. that, in its opinion are required to provide adequate service;
- ii. designating the location of all Company owned equipment, excluding

streetlights, and the service entrance and meter location(s);

- iii. blasting and tree trimming and removal along public ways; the Company may charge the Customer the cost of such blasting and tree trimming and removal if, in the Company's opinion, such cost is excessive; excessive cost shall be defined as the type of work which requires the Company to contract with a third party to remove ledge through blasting or to trim trees for the purposes of clearing the space needed for the line work.

The Customer, at no cost to the Company, shall be responsible for:

- i. blasting and tree trimming and removal on private property, including roadways not accepted as public ways by the municipality, in accordance with the Company's specifications and subject to the Company's inspection.

The Company may, at its discretion, construct the distribution line in segments rather than all at once in the proposed development.

6. Underground Lines

- (A) If the Customer requests an underground distribution line in lieu of the standard overhead line, the Company will give reasonable consideration to the request. If the Company believes that there are technical complications, safety issues, engineering concerns, or other reasonable concerns regarding the feasibility and/or maintenance of an underground system in the given circumstances, the Company may decline to provide underground service.
- (B) If the Company agrees to underground service, the Customer will be responsible for removal of ledge, trenching and backfilling in accordance with the Company's construction standards and/or the "Information & Requirements for Electric Service" as published by the Company from time to time and shall comply with the codes and requirements of legally constituted authorities having jurisdiction.

In addition, the Customer will be responsible for:

- i. providing, prior to the start of the Company's construction, all applicable documents and electronically formatted site plans required for the Company to prepare design drawings and easements for its facilities to be installed on private property;
- ii. providing and installing all required foundations (except for Company owned street light foundations), handholes, manholes, grounding systems, secondary cable, all conduit including spacers, glue and pulling strings, etc. as indicated on the Company's plan and related construction documents and in accordance with the Company's specifications;

- iii. Installing foundations, provided by the Company, for Company owned street lights;
- iv. supplying copies of all invoices, when requested, indicating manufacturer and part number for all such equipment listed above; equipment that is not approved shall not be used without the prior written consent of the Company;
- v. retaining ownership of transformer foundations and grounding systems, and all secondary cables and conduit on private property, excluding Company owned street lighting; and
- vi. turning over ownership of the conduit system, excluding the secondary conduit, to the Company upon inspection and acceptance of the conduit system by the Company.

When underground service is requested, the Company shall be responsible for:

- i. developing the plan to provide underground electric service;
- ii. supplying a list of approved manufacturers and their part numbers for equipment to be supplied by the Customer;
- iii. designating the location of all Company owned equipment, excluding street lights, and the service entrance and meter location(s);
- iv. providing Company owned street light foundations;
- v. providing, installing, owning and maintaining all transformers, primary cable, related primary equipment, Company owned street lights, and meters;
- vi. making all connections to Company equipment; and
- vii. inspecting the underground conduit system and equipment foundations installed by the Customer, prior to backfilling.

7. Winter Moratorium on Underground Construction

From December 15 to April 1, the Company may decline, in its sole discretion, to install any underground facilities.

8. Easements

The Company will require the Customer to provide the Company a permanent easement (drafted by the Company) for all facilities to reach and serve the New Facilities.

9. Additional Payment

When, in the Company's opinion, significant engineering is required to determine the method of service or prepare construction estimates, the Company will estimate the cost of such engineering. The Company may charge the Customer this cost before engineering begins. If construction is undertaken, this payment will be applied to any required Construction Advance. If construction is not undertaken, the Company will refund any balance not spent. If no Construction Advance is required, the entire additional advance payment will be refunded.

Effective: February 1, 2006

Certificate of Service

I hereby certify that a copy of the cover letter and accompanying material(s) have been hand-delivered or sent via U.S. mail to the parties listed below.



Joanne M. Scanlon
National Grid

February 3, 2006
Date

National Grid Proposed Revision to Line Extension Policies Filing

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