

National Grid

Proposed Revision to Line Extension
Policies

December 12, 2005

Submitted to:
Rhode Island Public Utilities Commission
R.I.P.U.C. Docket No. _____

Submitted by:

nationalgrid

December 12, 2005

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: Proposed Revision to Line Extension Policies

Dear Ms. Massaro:

The Narragansett Electric Company d/b/a National Grid (“the Company”) is proposing to modify its currently effective line extension policies in order to improve service to new customers. The most significant change being proposed would assign customers the responsibility for supplying all conduit materials associated with new underground installations. Under the existing policies, all such conduit materials are supplied by the Company. In concert with this proposed change, the Company is also proposing to reduce its cost per Center Line Foot (“CLF”) in Policy 1 and Policy 2 to reflect the fact that, if approved, the Company will no longer be incurring a cost for conduit that it would need to pass on to customers through this mechanism. Included with this filing are proposed attachments for Policy 1 and Policy 2 reflecting the proposed cost per CLF that would be applicable under each of the policies upon approval by the Commission.

In addition, the Company is proposing revisions to Policy 3, Line Extension and Construction Advance Policy for Commercial, Industrial and Non-Residential Customers, that will allow customers who request underground service to apply the full value of the revenue credit against the cost of construction. As a result, these customers would pay comparatively lower construction advances than they otherwise would have under today’s Policy 3. The Company has also proposed that customers provide the site plans required for Residential Development projects (Policy 2) and Policy 3 in an electronic format, as well as some other relatively minor changes. Under the Company’s proposal, any line extension requests received prior to the approved effective date would be subject to the existing policy terms and any requests received on or after the approved effective date would be handled in accordance with the policies being proposed.

Included with this filing, the Company has provided ten copies each of the proposed Policy 1, Policy 2, and Policy 3, as well as ten copies each of the policies that have been marked to show changes against those currently in effect. Each of the Company's proposed changes is described in more detail below.

Responsibility for Supplying Conduit Materials

Under the existing policies, if the Company agrees to an underground service, the customer is required to install, in accordance with the Company's specifications, certain conduit materials that are to be supplied by the Company. In discussing the Company's process for supplying the conduit materials with our customers, the Company has learned that its process can be greatly improved and made more efficient from the perspective of customers as well as the Company, both in terms of customer satisfaction and the timely completion of projects. The identification of an improvement resulted from a review of project timelines, which currently require most critical path items to be completed in series rather than in parallel, often extending the time it takes to provide service to new customers.

The Company's proposal would assign to customers the responsibility for supplying all conduit materials associated with new underground installations. The Company believes this shift in responsibility will facilitate a more efficient construction process by eliminating delays that can result from the Company's procurement and delivery of these materials, thereby providing the customer with more control over the project timeline. By streamlining the existing processes and allowing construction to proceed on a parallel path, work can be done more efficiently and construction delays can be avoided. This proposed practice has been successfully employed by National Grid in Massachusetts for a number of years and, in prior communications with the Company, the Rhode Island Builders Association has expressed their support for this proposed change.

Adjustment to Underground Center Line Foot Cost

Under the proposed policies, customers requesting underground service will be responsible for supplying the conduit. The current underground CLF cost of \$16.36, which has been in effect since 1999, includes a factor of \$3.88 per foot related to the cost of conduit estimated by the Company at the time the fee was created. For that reason, the Company proposes to reduce the underground CLF to \$12.48 ($\$16.36 - \$3.88 = \12.48), to remove the estimated conduit cost embedded in the fee. The \$12.48 underground cost per CLF would apply to customers served under Policy 1 and Policy 2. Under Policy 3, the cost of the conduit would be excluded from the Company's estimated cost calculation since it will now be supplied by the customer.

Under the Company's proposal, the customer would remain responsible for the taxes associated with the cash Contribution in Aid of Construction ("CIAC"), based on the lower cost per CLF, since the \$12.48 does not include a tax contribution factor. In addition, the Company

will now incur a tax liability on the donated property (the customer-supplied conduit) pursuant to current federal tax rules associated with CIACs, resulting from the transfer of the conduit system to the Company upon completion of the underground system. Under the policies, the customer remains responsible for reimbursing the Company for its tax liability on all donated property. It is important to note that the adjusted fee does not recover the Company's actual cost per foot excluding the conduit. For that reason, the Company is analyzing its current cost per CLF for overhead and underground service and is considering the possibility of proposing a change in the fees to reflect current average costs in 2006. Any such change would be filed with the Commission and, if greater than 10%, would need Commission approval in accordance with the tariff.

Policy 3 Credit for Underground Installation

The current value of the revenue credit that a customer receives for an underground service installation under the existing Policy 3 is limited to the estimated cost of an overhead installation for that customer as described in Section 5(B). Currently, the customer must pay the difference between the estimated cost of overhead service and the estimated cost of underground service, regardless of the value of their revenue credit. This practice in turn requires the Company to estimate the cost of providing both overhead service and underground service to determine the estimated incremental cost of the customer's request for underground service.

The revision proposed by the Company will improve the efficiency of the engineering process by eliminating the need for the Company to prepare two separate cost estimates and will allow customers to receive the full value of the revenue credit for future underground service installations. The proposed change will benefit all customers requesting an underground service under Policy 3 by reducing, and in some cases eliminating, the construction advance due from the customer.

Other Proposed Changes

As a result of the Company's proposed shift in responsibility for supplying the conduit materials, the sections of the policies covering underground service have been revised to provide a more detailed description of the responsibilities of both the Company and the customer. For example, under the proposed policies, the Company must provide the customer with "a list of approved manufacturers and their part numbers for equipment to be supplied by the customer." The customer must agree to "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." Other basic responsibilities relating to an underground service installation have been further clarified but have not changed.

In order to improve efficiency in the engineering of these projects, the Company is proposing that the required site plans be submitted in an electronic format for all Policy 2 and Policy 3 projects.

In addition, the Company has revised the availability section in each of its policies to note that customers may incur additional costs from other utilities related to certain requirements and/or services that those utilities may provide. This language is intended to further clarify to the customer that the Company's policies only apply to its costs and that other utilities may incur costs in providing their service to the customer that may be governed by the policies of those utilities and predominantly stem from the joint-pole ownership arrangement the Company has with Verizon. Also, Section 3 of Policy 1 and Policy 2 have been revised to clarify the Company's and the customer's responsibilities for overhead line extensions, and a new Section 5 has been added to Policy 3. These modifications simply address the shared responsibilities for installing, owning and maintaining poles under the joint-pole ownership agreement and clarify the existing responsibilities under the current policies.

The Company has also added a new Section 15 to Policy 1, and expanded the availability section of Policy 3 to address a residential customer's request to upgrade service. The Company proposes to apply the terms of Policy 3 to residential customers in these instances if the Company determines that the residential customer's request for an upgrade of their existing main switch would require the Company to upgrade its distribution line or associated equipment. In addition, Section 4 of Policy 1 includes an increase from \$1,500 to \$6,000 in the value of the overhead installation charge that would qualify for the sixty-month payment option. This change is designed to limit the Company's bad debt exposure as a high percentage of these accounts are currently in arrears.

Finally, the Company has added a Company signature line on each of the policy-specific Line Extension Contract Agreements.

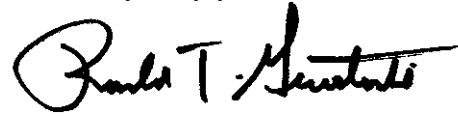
Conclusion

The proposed changes to the Company's line extension policies are intended to shorten the project life cycle by improving the material supply and handling process of construction projects, providing the customer with more control over project timelines. The Company believes these policy modifications will facilitate a more efficient construction process overall and result in a higher level of customer satisfaction. The Company proposes that any applications it receives prior to the approved effective date would be subject to the existing policy terms and that applications received on or after the approved effective date would be handled in accordance with the policies being proposed. The Company respectfully requests that the Commission grant authorization for the proposed policy changes to take effect on February 1, 2006.

Thank you for your attention to this matter. If you have any questions, please feel free to contact me at (508) 421-7634.

Luly E. Massaro, Commission Clerk
Proposed Revision to Line Extension Policies
December 12, 2005
Page 5 of 5

Very truly yours,

A handwritten signature in black ink, appearing to read "Ronald T. Gerwatowski". The signature is written in a cursive style with a large initial 'R' and a long horizontal flourish extending to the right.

Ronald T. Gerwatowski

Enclosures

PROPOSED POLICY 1

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.

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

If the Overhead Installation Charge 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 \$6,000 or greater, the Customer will have the option to either pay the entire amount before the start of construction, or pay the amount within a period of (5) years in sixty (60) equal monthly payments, 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.

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

POLICY 1

MARKED TO SHOW CHANGES

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.

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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

Deleted: Installation Charge

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.

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

If the Overhead Installation Charge 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 \$6,000 or greater, the Customer will have the option to either pay the entire amount before the start of construction, or pay the amount within a period of (5) years in sixty (60) equal monthly payments, plus interest at the rate of interest applicable to the Company's customer deposit accounts.

Deleted: All responsibility on private property for blasting and/or tree trimming and removal remains with the Customer.¶
¶
Tree trimming and blasting requirements along public ways and common ways are the responsibility of the Company, but the Company may bill the cost of such tree trimming and blasting to the Customer.¶

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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 Deleted: total

(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. Deleted: the applicable

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. Deleted: must

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. Deleted: before the start
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In addition, the Customer will be responsible for: Deleted: the installation and ownership of the underground secondary service to the home as served from the Company's distribution line.¶

- 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,

¶ The Company will also require the Customer to install, in accordance with the Company's specifications, the underground conduits, foundations, risers, manholes, and hand holes supplied by the Company.

- 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.

Deleted: The "Cost Per Foot" for underground and overhead construction used under this policy shall be the same as used under the Company's "Line Extension Policy for Residential Developments".

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.

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

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

The Per Foot Costs referred to policy above 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

PROPOSED POLICY 2

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.

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

POLICY 2

MARKED TO SHOW CHANGES

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.

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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](#)

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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.

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;

Deleted: All responsibility on private property for blasting and/or tree trimming and removal remains with the Developer.
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- Tree trimming and blasting requirements along public ways and common ways will remain the responsibility of the Company but the Company may bill the Developer the cost of such tree trimming and blasting.

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- The Company will also require the Developer to install, in accordance with the Company’s specifications and as supplied by the Company, underground conduits, foundations, risers, manholes, and hand holes including conduits and bases for proposed street lighting as requested by a Municipality.

- 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.

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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

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

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

PROPOSED POLICY 3

THE NARRAGANSETT ELECTRIC COMPANY

POLICY 3

LINE EXTENSION AND CONSTRUCTION ADVANCE POLICY

FOR COMMERCIAL, INDUSTRIAL AND 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.

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

POLICY 3

MARKED TO SHOW CHANGES

THE NARRAGANSETT ELECTRIC COMPANY

POLICY 3

LINE EXTENSION AND CONSTRUCTION ADVANCE POLICY

FOR COMMERCIAL, INDUSTRIAL AND 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,

Deleted: :

- 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.

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;

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If the underground line requested would result in a higher cost to serve the Customer than what would have been required with standard overhead service, the Company will require the Customer to make a contribution toward the cost of the underground service over and above what would be required under the Construction Advance Formula for a Regular Service as defined in the Cost of Construction Estimate Guidelines.

Deleted: it will be the responsibility of the Customer for the installation and ownership of the underground secondaries as served from the Company's facilities.¶

¶ The Company will also require the Customer to install, in accordance with the Company's specifications and as supplied by the Company, underground conduits, foundations, risers, manholes, hand holes.

- 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](#)

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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

December 12, 2005
Date

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