

December 1, 2006

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: National Grid – Gas Energy Efficiency Programs, Docket No. 3790

Dear Ms. Massaro:

Enclosed please find ten (10) copies of National Grid's proposed Gas Energy Efficiency Programs to implement in Rhode Island in 2007, filed in accordance with The Comprehensive Energy Conservation, Efficiency and Affordability Act of 2006 (Public Law 2006, Chapter 237) ("Comprehensive Energy Act").

Under the Comprehensive Energy Act, R.I.G.L. §39-2-1.2(d), "effective January 1, 2007, each gas distribution company shall include, with approval of the Commission, a charge of up to fifteen cents (\$0.15) per decatherm delivered to demand side management programs, including, but not limited to, programs for cost-effective energy efficiency, energy conservation, combined heat and power systems, and weatherization services for low income households."

National Grid recognizes the importance of providing its customers with opportunities to increase energy efficiency. The gas energy efficiency or demand-side management ("DSM") programs proposed here complement our nationally recognized electric energy efficiency programs. They provide customers with tools to manage energy use at a time when fuel prices can be quite volatile. In the long run, these programs will benefit consumers in Rhode Island through reduced energy costs while also providing environmental benefits.

This filing, made in compliance with above-described legislation, contains the testimony and attachments of Peter C. Czekanski and Bruce A. Johnson. Mr. Czekanski's testimony and attachments provide an overview of the Company's gas energy efficiency proposals, the calculation of the proposed surcharge, and the associated changes to the Company's gas tariffs. Mr. Johnson's testimony and attachments more fully describe the proposed gas energy efficiency programs for residential and commercial and industrial customers. As described in Mr. Johnson's testimony, the proposed programs are modeled on existing electric DSM programs in Rhode Island as well as existing gas energy efficiency programs in other New England states.

The Company proposes \$2.8 million in funding for the implementation of these new programs in Rhode Island in 2007. As a result, the Company proposes a surcharge of \$0.063 per decatherm, which is roughly fifty percent of the allowed billing factor under the Comprehensive Energy Act after taking into account energy efficiency program funding currently included in base rates. The Company believes that this proposed surcharge is appropriate for the first year of program implementation. For a residential heating customer using 1,035 therms per year, the proposed surcharge will increase their annual bill \$6.51 or an average \$0.54 per month. On a percentage basis, it represents an increase of four tenths of one percent. A bill impact analysis for each of the rate classes with various levels of consumption is provided as Attachment PCC-4.

This filing represents the first phase of the gas energy efficiency programs filing, and requests Commission approval to initiate funding of the program. The second phase, to be filed by the Company no later than February 1, 2007, will include final program specific budgets, benefit/cost analyses, proposed goals, a shareholder incentive mechanism, and reporting requirements.

Accordingly, National Grid seeks to implement a surcharge of \$0.063 per decatherm for usage on and after January 1, 2007 for all firm and non-firm throughput to begin implementation of the Company's new gas energy efficiency programs. The Company also seeks approval of the language contained in the amended tariff pages.

Thank you for your attention to this matter. If you have any questions, please feel free to contact me at (401) 784-7667.

Very truly yours,



Laura S. Olton

Enclosure

cc: Paul Roberti, Esq.
Steve Scialabba, Division

National Grid

Gas Energy Efficiency Programs

**Testimony and Attachments of
Peter C. Czekanski and
Bruce A. Johnson**

December 1, 2006

**Submitted to:
Rhode Island Public Utilities Commission
R.I.P.U.C. Docket No. 3790**

Submitted by:

nationalgrid

DIRECT TESTIMONY

OF

PETER C. CZEKANSKI

December 1, 2006

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1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. Please state your name and business address.**

3 A. My name is Peter C. Czekanski. My business address is 100 Weybosset Street,
4 Providence, RI 02903.

5 **Q. What is your position and responsibilities?**

6 A. I am Principal Analyst for National Grid (“National Grid” or the "Company"). My
7 responsibilities include overseeing the design, implementation and administration of
8 rates charged by National Grid for natural gas service in Rhode Island.

9 **Q. What is your professional and educational background?**

10 A. I was first employed in the gas industry by Providence Gas Company (“ProvGas”) in
11 January 1995 as a Pricing Analyst with responsibility for assisting in rate design, tariff
12 administration and other regulatory activities. I was promoted to Director of Pricing
13 in March 1998 and retained that position with the acquisition of ProvGas by Southern
14 Union Company in October 2000. Upon the sale of the Rhode Island natural gas
15 operation to National Grid in August 2006, I assumed my current position of Principal
16 Analyst.

17 Prior to joining Providence Gas Company, I was employed by NYNEX (now Verizon)
18 for 24 years where I held various positions in the Regulatory, Government Relations

1 and Marketing departments. While part of the Regulatory department at NYNEX, I
2 prepared and filed testimony and testified in various dockets before the Rhode Island,
3 Massachusetts and Vermont regulatory commissions on matters related to rate design,
4 pricing and cost issues.

5 My educational background includes a Bachelor of Science degree in Electrical
6 Engineering from Brown University. In addition, during my career at NYNEX, I
7 completed a variety of business and management courses.

8 **Q. Have you previously testified before the Commission?**

9 A. Yes. I have previously testified in numerous proceedings before this Commission,
10 including: (1) Docket No. 3401, the gas company's most recent rate case proceeding;
11 (2) Docket Nos. 3766, 3696 and 3436, the Gas Cost Recovery filings; (3) Docket Nos.
12 1673 and 1736, the former ProvGas and Valley Gas cost of gas adjustment filings; (4)
13 Docket No. 2902, enhancements to the Business Choice Program; and (5) in the
14 Docket Nos. 3760, 3690, 3548 and 3459 in support of the Distribution Adjustment
15 Charge.

16 **II. PURPOSE OF TESTIMONY**

17 **Q. What is the purpose of your testimony?**

1 A. The purpose of my testimony is to provide an overview of the Company's proposals
2 associated with implementation of recently enacted legislation referred to as "The
3 Comprehensive Energy Conservation, Efficiency and Affordability Act of 2006."
4 This includes the establishment of a gas energy efficiency surcharge and associated
5 changes to the Company's tariffs.

6 **Q. Do you have any Attachments included with your testimony?**

7 A. Yes. I am sponsoring the following Attachments:

8 PCC-1 Marked Tariff
9 PCC-2 Clean Tariff
10 PCC-3 Energy Efficiency Surcharge
11 PCC-4 Bill Impacts

12 **III. PROPOSAL OVERVIEW**

13 **Q. Please describe the Energy Efficiency Program requirements established in the**
14 **above-referenced legislation.**

15 A. The referenced legislation establishes a requirement that effective January 1, 2007,
16 "each gas distribution company shall include, with approval of the Commission, a
17 charge of up to fifteen cents (\$0.15) per dekatherm delivered to demand side
18 management programs, including, but not limited to, programs for cost-effective
19 energy efficiency, energy conservation, combined heat and power systems, and
20 weatherization services for low income households." The legislation also provides

1 that the Commission may except from this charge: (1) gas used for distribution
2 generation; and (2) gas used for the manufacturing processes where the customer has
3 established a self-directed program to invest in and achieve effective energy efficiency
4 and obtains approval from the Commission. Additional provisions require that an
5 amount not to exceed two percent (2%) of such funds on an annual basis be allocated
6 to the energy efficiency and resources management council for retention of expert
7 consultants and reasonable administrative costs.

8 **Q. Please provide an overview of the Company's proposal.**

9 A. The Company is proposing the establishment and phasing in of a gas energy-
10 efficiency program modeled after the highly successful regional energy efficiency
11 programs implemented by KeySpan Energy Delivery New England and others in
12 Massachusetts and New Hampshire. The proposal is designed to encourage the most
13 efficient use of energy and has targeted initiatives for the residential, small
14 commercial and industrial, and large commercial and industrial segments to overcome
15 market barriers, modify energy decision-making processes, increase the availability of
16 energy efficient products, and reduce the first cost of energy efficiency. The proposed
17 funding for implementation of these programs in 2007 is \$2.8 million. These
18 programs are described in the testimony of Mr. Bruce A. Johnson, Director of
19 KeySpan's Energy Management Department. This filing represents the first phase and
20 initiates the funding of the program. The second phase will contain a filing by the

1 Company no later than February 1, 2007 that will include final program specific
2 budgets, benefit/cost analyses, proposed goals, a shareholder incentive mechanism and
3 reporting requirements.

4 **Q. Does this proposal replace the existing Gas DSM Program?**

5 A. Not at the current time. Since the existing program is already in place, it is the
6 Company's intent to maintain it during the ramping up of the new programs described
7 in Mr. Johnson's testimony. The expanded residential program reflected in the
8 proposed energy efficiency programs would replace the existing residential DSM
9 rebate as soon as the Company is able to implement the new residential program. A
10 specific proposal for any changes or possible enhancements to the existing commercial
11 and industrial customer DSM rebate programs will be included in the second phase
12 filing referenced above.

13 **IV. SURCHARGE**

14 **Q. What changes are being proposed to the Company's tariff?**

15 A. There are two changes being proposed to the Company's tariff. The first change is to
16 Section 1, Schedule C Taxes and Surcharges where the Company is adding a new Item
17 4.0 Gas Energy Efficiency Surcharge. This addition references the Rhode Island
18 General Laws as the authorization for the surcharge and establishes that the surcharge
19 will be based on an annual filing with the Public Utilities Commission. The second
20 change applies to Sections 4, 5 and 6 of the tariff where we have added a reference to

1 each of the individual rate classes indicating the applicability of the gas energy
2 efficiency surcharge. A marked copy of the tariff pages is attached as Attachment
3 PCC-1 and a clean copy as Attachment PCC-2.

4 **Q. How was the \$2.8 million level of funding established?**

5 A. The \$2.8 million level of funding was based on costs associated with running similar
6 programs in other states and an assessment of what will be required to implement the
7 programs in Rhode Island. A summary of the funding by sector is provided in
8 Attachment PCC-3, page 2 of 2.

9 **Q. What is the proposed surcharge and how will it be charged?**

10 A. The proposed surcharge is \$0.063 per dekatherm. Page 1 on Attachment PCC-3
11 provides a worksheet showing the calculation of the proposed surcharge and page 2
12 shows projected collections by rate class. This calculation includes current DSM
13 funding collected in base rates as well as the additional funding to be collected
14 through the surcharge. Under the provisions of the law, the surcharge will apply to all
15 firm and non-firm throughput.

16 **Q. Has the Company proposed any exceptions to the charge?**

17 A. Not at this time. We recognize that the new law gives the Commission the authority
18 to except from the surcharge any gas that is being used for distributed generation or
19 usage for the customer that has established a self-directed energy efficiency program

1 in accordance with a plan approved by the Commission. However, the law provides
2 for exceptions as a discretionary policy judgment to be made by the Commission. At
3 least for the interim, the Company's current proposal is based on all customers and
4 usage being subject to a surcharge. The Company proposes that the policy question of
5 whether there should be any exceptions, and how they are implemented, be taken up in
6 a separate docket.

7 **Q. Why are you suggesting a separate docket?**

8 A. The question is a policy judgment of the Commission. At this time, the Company
9 does not have a strong opinion as to the outcome. But we believe this docket, which is
10 about establishing gas energy efficiency program details, should be limited to the
11 program details and not be taken off course to address the other policy question. With
12 regard to the manufacturer's exception, the statute seems to contemplate a process
13 where the customer applies to the Commission for an exception. Within the scope of
14 this proceeding, the Company does not want to propose to the Commission how to
15 implement its own process. In fact, the Commission may need to decide whether it
16 needs to open a rulemaking process to address the rules for customer applications for
17 exceptions. The policy question may require briefing and comments from many
18 different interested parties. Regarding the distributed generation exception,
19 implementation can be complicated. To the extent that a distributed generation unit is
20 being metered separately, the exception can be applied easily. However, there are

1 some customers with generation who take service from only one meter. Thus, there
2 are issues relating to how the Company would allocate gas usage between generation
3 and other uses, or whether customers should install a separate meter. It seems more
4 efficient for the Commission to open a separate docket to address these exceptions
5 separately. Otherwise, this proceeding, which is designed to give direction on
6 program details for the launch of new programs, could get bogged down in the debate
7 about exceptions.

8 **Q. What about the effect on the budget if exceptions are allowed?**

9 A. The Company has the ability to make program adjustments after the Commission's
10 ruling. Further, to the extent exceptions are granted at the conclusion of the
11 rulemaking or other docket and, as a result, the amount of dollars collected in 2007 is
12 lower than what was budgeted, the reconciliation process at the end of 2007 can make
13 appropriate adjustments for the following year. Thus, program implementation can
14 proceed uninterrupted. The Company also would have no objection to the
15 Commission approving the uniform surcharge for all customers on an interim basis,
16 but make it subject to refund for distributed generators to the extent exceptions are
17 later granted for usage occurring in 2007, as long as the prior gas usage from that
18 generation is readily quantifiable for the retroactive period. But, in any event, the
19 surcharge should not be delayed.

1 V. **BILL IMPACTS**

2 Q. **What is the bill impact of the proposed surcharge on customer bills?**

3 A. For a residential heating customer using 1,035 therms per year, the proposed surcharge
4 will increase their annual bill \$6.51 or an average \$0.54 per month. On a percentage
5 basis, it represents an increase of four tenths of one percent. A bill impact analysis for
6 each of the rate classes with various levels of consumption is provided as Attachment
7 PCC-4.

8 Q. **Does this conclude your testimony?**

9 A. Yes.

Attachments

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Attachment PCC-1	Marked Tariffs
Attachment PCC-2	Clean Tariffs
Attachment PCC-3	Surcharge and Funding Worksheets
Attachment PCC-4	Bill Impact Analysis

Attachment PCC-1

Marked Tariffs

TAXES AND SURCHARGES

**1.0 RHODE ISLAND GROSS
EARNINGS TAX:**

Unless otherwise indicated, all rates exclude an amount necessary for the payment of Rhode Island Gross Earnings Tax. An amount necessary for the payment of Rhode Island Gross Earnings Tax will be separately identified on bills rendered to customers.

**2.0 GROSS EARNINGS TAX
REDUCTION FOR
MANUFACTURERS:**

Consistent with the gross earnings tax exemption provided in Section 44-13-35 of Rhode Island General Laws, eligible manufacturing customers will be billed the applicable Rhode Island Gross Earnings Tax. The customer is responsible for providing to the Company in writing its tax exemption number and other appropriate documentation. If the Company collected any taxes or assessments from the customer and is later informed by the customer that the customer is exempt from such taxed, it shall be the customer's responsibility to obtain any refund from the appropriate governmental taxing agency.

Eligible manufacturing customers are those customers who have on file with the Company a valid certificate of exemption from the Rhode Island sales tax (under section 44-18-30 (H) of Rhode Island General Laws) indicating the customer's status as a manufacturer. If the Division of Taxation (or other Rhode Island taxing authority with jurisdiction) disallows any part or all of the exemption as it applies to a customer, the customer will be required to reimburse the Company in the amount of the credits provided to such customer which were disallowed, including any interest required to be paid by the Company to such authority.

The Division of Taxation has indicated that it will generally deem 95% of manufacturer's volumes to be for "manufacturing use" eligible for the reduced manufacturer's Gross Earnings Tax (GET) rate. Thus, unless usage is separately metered for manufacturing only, 95% of billed amounts for qualified customers will be deemed to be for manufacturing purposes and eligible for the manufacturer's

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TAXES AND SURCHARGES

GET credit, whereas the remaining 5% of the billed amount will be subject to the standard GET rate. If usage is separately metered for manufacturing use only, the entire amount will be subject to the reduced manufacturing GET rate.

No other use of gas will be included in this rate for billing purposes.

**3.0 OTHER RHODE
ISLAND TAXES:**

Where applicable at rate or rates in effect from time-to-time.

**4.0 GAS ENERGY
EFFICIENCY
SURCHARGE:**

As provided for in Section 39-2-1.2(d) of Rhode Island General Laws, a charge of up to fifteen cents (\$0.15) per dekatherm (Dt) shall be collected for programs including, but not limited to, cost-effective energy efficiency, energy conservation, combined heat and power systems, and weatherization services for low-income households.

A Gas Energy Efficiency Program shall be annually filed with the Public Utilities Commission for review and approval. Such filing shall include: (1) a detailed description of the various programs; (2) a projection of costs for the following year; (3) a reconciliation of costs and revenues for the current year with any differential between the actual and authorized amounts collected and or funds expended, with interest, being added or subtracted from the amount to be collected during the following calendar year; and (4) the calculation of an applicable per therm surcharge for the upcoming year. Upon approval by the Commission, such charge (adjusted for gross earnings tax and the uncollectible percentage approved in the most recent rate case proceeding) shall become effective with usage on or after the effective date.

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**RESIDENTIAL NON-HEATING
RATE 10**

- 1.0 AVAILABILITY:** Sales service is available under this rate for all domestic non-heating purposes in individual private residential dwellings with six (6) or less units or in connection with condominium associations with gas supplied through one meter.
- 2.0 CHARACTER OF SERVICE:** A continuous supply of gas of not less than 1,000 Btu per cubic foot.
- 3.0 RATES:**
- | | |
|----------------------|--------------------|
| Customer Charge: | \$ 7.50 per month |
| Distribution Charge: | \$0.4226 per Therm |
- 4.0 MINIMUM CHARGE:** Customer Charge per month.
- 5.0 GENERAL RULES AND REGULATIONS:** The Company's General Rules and Regulations in Section 1 of RIPUC NG No. 101 as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.
- 6.0 RHODE ISLAND GROSS EARNINGS TAX:** The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule [C](#).
- 7.0 GAS COST RECOVERY CLAUSE:** The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.
- 8.0 DISTRIBUTION ADJUSTMENT CLAUSE:** The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.
- 9.0 GAS ENERGY EFFICIENCY:** [The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.](#)

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RESIDENTIAL HEATING
RATE 12

- 1.0 AVAILABILITY:** Sales service is available under this rate for all domestic purposes in individual private residential dwellings with six (6) or less units or in connection with condominium associations with gas supplied through one meter where natural gas is the primary fuel used for space and/or central heating equipment.
- 2.0 CHARACTER OF SERVICE:** A continuous supply of gas of not less than 1,000 Btu per cubic foot.
- 3.0 RATES:** Customer Charge: \$9.00 per month
- Distribution Charge:
- On-Peak Period (November - April)
- First 125 Therms @ \$0.3600 per Therm
Over 125 Therms @ \$0.2800 per Therm
- Off-Peak Period (May - October)
- First 30 Therms @ \$0.3600 per Therm
Over 30 Therms @ \$0.2800 per Therm
- 4.0 MINIMUM CHARGE:** Customer Charge per month.
- 5.0 GENERAL RULES AND REGULATIONS:** The Company's General Rules and Regulations in Section 1 of RIPUC NG No. 101 as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.
- 6.0 RHODE ISLAND GROSS EARNINGS TAX:** The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.
- 7.0 GAS COST RECOVERY CLAUSE:** The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

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RESIDENTIAL HEATING
RATE 12

**8.0 DISTRIBUTION
ADJUSTMENT
CLAUSE:**

The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

**9.0 GAS ENERGY
EFFICIENCY:**

[This application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.](#)

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Effective: [January 1, 2007](#)

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C&I SMALL
RATE 21

- 1.0 AVAILABILITY:** Sales service is available under this rate at single locations to Commercial and Industrial customers whose annual gas usage is equal to or less than 5,000 Therms as determined by Company records and procedures. In the case of a new customer, or a customer with new gas applications, the annual gas usage for the first year shall be that agreed upon by the Company and the customer.
- 2.0 CHARACTER OF SERVICE:** A continuous supply of gas of not less than 1,000 Btu per cubic foot.
- 3.0 RATES:** Customer Charge: \$14.00 per month
- Distribution Charge:
- On-Peak Period (November - April)
- First 135 Therms @ \$0.3721 per Therm
Over 135 Therms @ \$0.2600 per Therm
- Off-Peak Period (May - October)
- First 20 Therms @ \$0.3721 per Therm
Over 20 Therms @ \$0.2600 per Therm
- 4.0 MINIMUM CHARGE:** Customer Charge per month.
- 5.0 GENERAL RULES AND REGULATIONS:** The Company's General Rules and Regulations in Section 1 of RIPUC NG No. 101 as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.
- 6.0 RHODE ISLAND GROSS EARNINGS TAX:** The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.
- 7.0 GAS COST RECOVERY CLAUSE:** The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

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**C&I SMALL
RATE 21**

**8.0 DISTRIBUTION
ADJUSTMENT
CLAUSE:**

The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

**9.0 GAS ENERGY
EFFICIENCY:**

This application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

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C&I MEDIUM
RATE 22

- 1.0 AVAILABILITY:** Transportation or Sales service is available under this rate at single locations to Commercial and Industrial customers whose annual gas usage is greater than 5,000 Therms, but less than or equal to 35,000 Therms as determined by Company records and procedures. In the case of a new customer, or a customer with new gas applications, the annual gas usage for the first year shall be that agreed upon by the Company and the customer.
- 2.0 CHARACTER OF SERVICE:** A continuous supply of gas of not less than 1,000 Btu per cubic foot.
- 3.0 TRANSPORTATION SERVICE PROVISIONS:** For Customers selecting transportation service under this Schedule, the Transportation Service provisions found in Section 6 of RIPUC NG No. 101 are applicable as in effect from time-to-time.
- 4.0 RATES:**
- Customer Charge: \$45.00 per month
- Demand Charge: \$0.9000 per Therm of customer's maximum average daily quantity (MADQ) from the most recent November through April period based on historical billing data. In the case of a new customer or a customer with new gas applications, the November through April gas consumption shall be that agreed upon by the Company and the customer.
- Distribution Charge: \$0.1715 per Therm
- 5.0 MINIMUM CHARGE:** Customer Charge and Demand Charge per month.

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C&I MEDIUM
RATE 22

**6.0 GENERAL RULES AND
REGULATIONS:**

The Company's General Rules and Regulations in Section 1 of RIPUC NG No. 101 as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.

**7.0 RHODE ISLAND GROSS
EARNINGS TAX:**

The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule [C](#).

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**8.0 GAS COST RECOVERY
CLAUSE:**

The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

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**9.0 DISTRIBUTION
ADJUSTMENT
CLAUSE:**

The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

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**10.0 GAS ENERGY
EFFICIENCY:**

[The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.](#)

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C&I LARGE HIGH LOAD FACTOR USE
RATE 23

- 1.0 AVAILABILITY:** Transportation or Sales service is available under this rate at single locations to Commercial and Industrial customers whose annual gas usage is greater than 35,000 Therms, but less than 150,000 Therms and whose off-peak (May through October) gas usage is equal to or greater than 31% of the annual gas usage for the most recent September through August period, as determined by Company records and procedures. In the case of a new customer, or a customer with new gas applications, the annual gas usage for the first year shall be that agreed upon by the Company and the customer.
- 2.0 CHARACTER OF SERVICE:** A continuous supply of gas of not less than 1,000 Btu per cubic foot.
- 3.0 TRANSPORTATION SERVICE PROVISIONS:** For Customers selecting transportation service under this Schedule, the Transportation Service provisions found in Section 6 of RIPUC NG No. 101 are applicable as in effect from time-to-time.
- 4.0 RATES:**
- Customer Charge: \$90.00 per month
- Demand Charge: \$1.2500 per Therm of customer's maximum average daily quantity (MADQ) from the most recent November through April period based on historical billing data. In the case of a new customer or a customer with new gas applications, the November through April gas consumption shall be that agreed upon by the Company and the customer.
- Distribution Charge: \$0.0964 per Therm
- 5.0 MINIMUM CHARGE:** Customer Charge and Demand Charge per month.

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C&I LARGE HIGH LOAD FACTOR USE
RATE 23

**6.0 GENERAL RULES AND
REGULATIONS:**

The Company's General Rules and Regulations in Section 1 of RIPUC NG No. 101 as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.

**7.0 RHODE ISLAND GROSS
EARNINGS TAX:**

The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule [C](#).

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**8.0 GAS COST RECOVERY
CLAUSE:**

The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

**[9.0](#) DISTRIBUTION
ADJUSTMENT
CLAUSE:**

The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

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**[10.0](#) GAS ENERGY
EFFICIENCY:**

[The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.](#)

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C&I EXTRA LARGE HIGH LOAD FACTOR USE
RATE 24

- 1.0 AVAILABILITY:** Transportation or Sales service is available under this rate at single locations to Commercial and Industrial customers whose annual gas usage is equal to or greater than 150,000 Therms and whose off-peak (May through October) gas usage is equal to or greater than 31% of the annual gas usage for the most recent September through August period, as determined by Company records and procedures. In the case of a new customer, or a customer with new gas applications, the annual gas usage for the first year shall be that agreed upon by the Company and the customer.
- 2.0 CHARACTER OF SERVICE:** A continuous supply of gas of not less than 1,000 Btu per cubic foot.
- 3.0 TRANSPORTATION SERVICE PROVISIONS:** For Customers selecting transportation service under this Schedule, the Transportation Service provisions found in Section 6 of RIPUC NG No. 101 are applicable as in effect from time-to-time.
- 4.0 RATES:**
- Customer Charge: \$300.00 per month
- Demand Charge: \$1.2500 per Therm of customer's maximum average daily quantity (MADQ) from the most recent November through April period based on historical billing data. In the case of a new customer or a customer with new gas applications, the November through April gas consumption shall be that agreed upon by the Company and the customer.
- Distribution Charge: \$0.0270 per Therm
- 5.0 MINIMUM CHARGE:** Customer Charge plus Demand Charge per month.

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**C&I EXTRA LARGE HIGH LOAD FACTOR USE
RATE 24**

**6.0 GENERAL RULES AND
REGULATIONS:**

The Company's General Rules and Regulations in Section 1 of RIPUC NGC No. 101 as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.

**7.0 RHODE ISLAND GROSS
EARNINGS TAX:**

The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule [C](#).

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**8.0 GAS COST RECOVERY
CLAUSE:**

The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

**9.0 DISTRIBUTION
ADJUSTMENT
CLAUSE:**

The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

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**10.0 GAS ENERGY
EFFICIENCY:**

[The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.](#)

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C&I LARGE LOW LOAD FACTOR USE
RATE 33

- 1.0 AVAILABILITY:** Transportation or Sales service is available under this rate at single locations to Commercial and Industrial customers whose annual gas usage is greater than 35,000 Therms, but less than 150,000 Therms and whose off-peak (May through October) gas usage is equal to or less than 30% of the annual gas usage for the most recent September through August period, as determined by Company records and procedures. In the case of a new customer, or a customer with new gas applications, the off-peak and annual gas usage for the first year shall be that agreed upon by the Company and the customer.
- 2.0 CHARACTER OF SERVICE:** A continuous supply of gas of not less than 1,000 Btu per cubic foot.
- 3.0 TRANSPORTATION SERVICE PROVISIONS:** For Customers selecting transportation service under this Schedule, the Transportation Service provisions found in Section 6 of RIPUC NG No. 101 are applicable as in effect from time-to-time.
- 4.0 RATES:**
- Customer Charge: \$90.00 per month
- Demand Charge: \$0.9000 per Therms of customer's highest average daily consumption from the most recent November through April period based on historical billing data. In the case of a new customer or a customer with new gas applications, the November through April gas consumption shall be that agreed upon by the Company and the customer.
- Distribution Charge: \$0.1695 per Therm
- 5.0 MINIMUM CHARGE:** Customer Charge and Demand Charge per month.

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C&I LARGE LOW LOAD FACTOR USE
RATE 33

**6.0 GENERAL RULES AND
REGULATIONS:**

The Company's General Rules and Regulations in Section 1 of RIPUC NG No. 101 as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.

**7.0 RHODE ISLAND GROSS
EARNINGS TAX:**

The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.

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**8.0 GAS COST RECOVERY
CLAUSE:**

The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

**9.0 DISTRIBUTION
ADJUSTMENT
CLAUSE:**

The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

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10.0 GAS ENERGY

EFFICIENCY:

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C&I EXTRA LARGE LOW LOAD FACTOR USE
RATE 34

1.0 AVAILABILITY: Transportation or Sales service is available under this rate at single locations to Commercial and Industrial customers whose annual gas usage is equal to or greater than 150,000 Therms and whose off-peak (May through October) gas usage is equal to or less than 30% of the annual gas usage for the most recent September through August period, as determined by Company records and procedures. In the case of a new customer, or a customer with new gas applications, the annual gas usage for the first year shall be that agreed upon by the Company and the customer.

2.0 CHARACTER OF SERVICE: A continuous supply of gas of not less than 1,000 Btu per cubic foot.

3.0 TRANSPORTATION SERVICE PROVISIONS: For Customers selecting transportation service, the Transportation Service provisions found in Section 5 of RIPUC NG No. 101 are applicable as in effect from time-to-time.

4.0 RATES:

Customer Charge:	\$300.00 per month
Demand Charge:	\$0.9000 per Therm of customer's maximum average daily quantity (MADQ) from the most recent November through April period based on historical billing data. In the case of a new customer or a customer with new gas applications, the November through April gas consumption shall be that agreed upon by the Company and the customer.

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_____ Distribution Charge: \$0.0348 per Ccf

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5.0 MINIMUM CHARGE: Customer Charge plus Demand Charge per month.

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C&I EXTRA LARGE LOW LOAD FACTOR USE
RATE 34

**6.0 GENERAL RULES AND
REGULATIONS:**

The Company's General Rules and Regulations in Section 1 of RIPUC NG No. 101 as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.

**7.0 RHODE ISLAND GROSS
EARNINGS TAX:**

The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule [C](#).

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**8.0 GAS COST RECOVERY
CLAUSE:**

The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

**9.0 DISTRIBUTION ADJUSTMENT
CLAUSE:**

The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

10.0 GAS ENERGY

EFFICIENCY:

The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule [C](#).

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NON-FIRM SALES (NFS) SERVICE

RATE 60

1.0 AVAILABILITY:

For any non-residential customer with dual-fuel capability:
(1) whose premises are located adjacent to the Company's gas distribution mains having adequate capacity to supply the customer's prospective gas requirements in addition to the requirements of other customers already receiving service from such distribution mains; (2) who uses gas for boiler load, process load or cogeneration with a minimum combined hourly input of 100 Ccf/hour; and (3) who maintains adequate standby facilities for the use of an alternate fuel which may be substituted for gas when gas is not available under this Tariff.

2.0 RATES:

Non-firm Sales (NFS) service rates shall be set for the upcoming month, no later than 10:30 a.m. five (5) business days prior to the commencement of that month. Upon setting the NFS service rate, if the Company obtains a new, lower cost gas supply, the rate may be reduced prior to the first calendar day of the month. The customer must notify the Company by 9:00 a.m. two (2) business days prior to the commencement of that month of the intention to take NFS service, and must provide a reasonable estimate of natural gas expected to be used for the month.

Customer charges will be determined as follows:

1. For those customers who can potentially consume more than 100,000 Therms per month:

- \$625 per month, per customer
2. For those customers who can potentially consume more than 25,000 Therms, but less than 100,000 Therms per month:

- \$405 per month, per customer
3. For those customers whose potential monthly consumption is less than 25,000 Therms per month:

- \$185 per month, per customer

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NON-FIRM SALES (NFS) SERVICE
RATE 60

Commodity Charge is based on the alternative fuel used by the customer as follows:

#6 Oil: For those customers whose alternative fuel is #6 oil 1% sulfur, the NFS service rate will be based upon the average of the high/low posted oil price as published in the "Journal of Commerce" under DAILY PETROLEUM PRICES, six (6) business days prior to the commencement of that month.

- a. For those customers who have the potential to consume 100,000 or more Therms per month, the rate will reflect a 22% discount from the posted oil price.
- b. For those customers who have the potential to consume between 25,000 Therms and 100,000 Therms per month, the rate will reflect an 11% discount from the posted price.
- c. For those customers who have the potential to consume less than 25,000 Therms per month, the rate will reflect a 7% discount from the posted oil price.

#4 Oil: For those customers whose alternative fuel is #4 oil, the NFS service rate will be based upon 55% of the posted #6 oil price, and 45% of the posted #2 oil price calculated herein.

- a. For those customers who have the potential to consume 25,000 or more Therms per month, the rate will reflect a 7% discount from the posted oil price.
- b. For those customers who have the potential to consume less than 25,000 Therms per month, the

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Effective: [January 1, 2007](#)

NON-FIRM SALES (NFS) SERVICE

RATE 60

rate will reflect a 2.25% discount from the posted oil price.

#2 Oil: For those customers whose alternative fuel is #2 oil, the NFS service rate will be based upon the average of the high/low posted oil price as published in the "Journal of Commerce" under PETROLEUM PRICES, six (6) business days prior to the commencement of that month.

- a. For those customers who have the potential to consume 100,000 or more Therms per month, the rate will reflect a 7% discount from the posted oil price.
- b. For those customers who have the potential to consume less than 100,000 Therms per month, the rate will reflect a 2.25% discount from the posted price.

Propane: For those customers whose alternative fuel is propane, the NFS service rate will be based upon the Selkirk average propane price taken from the most recent edition of the "Weekly Propane Newsletter" published by Butane Propane News.

- a. For those customers who have the potential to consume 100,000 or more Therms per month, the rate will reflect a 7% discount from the posted propane price.
- b. For those customers who have the potential to consume less than 100,000 Therms per month, the rate will reflect a 2.25% discount from the posted price.

Rate Calculations to derive the sales rate will be as follows:

$$SR = P / C \times D$$

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NON-FIRM SALES (NFS) SERVICE
RATE 60

Where:

SR = Sales rate

P = Posted price for #6, 1% sulphur oil, #4 oil, #2
oil, or propane

D = Discount factor

C = A conversion factor for customer's alternative fuel, as
follows:

#6 oil - 1.48 Therms/gallon
#4 oil - 1.44 Therms/gallon
#2 oil - 1.39 Therms/gallon
Propane - 0.916 Therms/gallon

For any customer whose alternative fuel is No. 6 oil, 1% sulphur: If the sales margin is greater than \$.085/ Therms, then any positive difference between 1) the figured NFS gas sales rate less the least cost incremental gas supply; and 2) \$.085/Therm shall be apportioned in equal shares to the NFS gas customer and firm customers.

3.0 MINIMUM CHARGE:

Under no circumstances shall the NFS gas sales rate be less than the incremental supply available to the Company, adjusted for the Company's Fuel Allowance, plus the following amounts:

<u>Period</u>	<u>Amount</u>
November 1 - March 31	\$.016/Therm
April 1 - October 31	\$.010/Therm

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NON-FIRM SALES (NFS) SERVICE
RATE 60

**4.0 NOTIFICATION OF
INTERRUPTION/
CURTAILMENT:**

Customer will curtail or discontinue service when, in the sole opinion of the Company, such curtailment or interruption is necessary in order for it to continue to supply the gas requirements of its firm customers at such time. The Company will attempt to give the customer three (3) working days' notice of such curtailment, except in emergency situations, when at least one hour's notice shall be given.

**5.0 FAILURE TO
CURTAIL:**

For any period that a customer fails to curtail the use of gas as requested by the Company, the charge for gas consumption will be equal to the NFS service customer charge plus Gas Usage at a penalty of 5 times the Daily Index . Such use of gas under these circumstances shall be considered an "unauthorized use" of gas.

In the event where the Company, in its sole discretion, grants the customer an exemption from the curtailment, the use of gas under these circumstances shall be referred to as an "authorized use of gas." Authorized use of gas during a curtailment will be for a limited time period. The charge for gas consumed under these conditions will be the NFS service customer charge plus the highest cost gas required to meet demand during the applicable curtailment period, plus the current firm sales service rate excluding the firm customer charges. Payments for this use, whether authorized or unauthorized, shall not preclude the Company from turning off the customer's supply of gas in the event of the failure to interrupt, or curtail, the use thereof when requested to do so.

6.0 METER TEST:

Users will receive the results of periodic calibration tests performed by the Company on the meters installed on their premises. Meters will be deemed unacceptable if these tests show an error greater than +/-1%. Meters will also be deemed unacceptable, no matter what their error, if the results of three

NON-FIRM SALES (NFS) SERVICE

RATE 60

successive tests are consistently high or low. Meters will measure gas flow rates corrected to 60° F gas.

7.0 TELEMETERING:

Telemetering equipment is required for those customers who wish to avail themselves of this service.

**8.0 CONTRACT
OPTION:**

The Company, in its discretion, may enter into contracts to provide NFS service with terms one month or longer where, in the Company's determination, such contracts are necessary to maximize benefits to the Company and its customers. Said contracts may supplement or vary the terms contained in this rate schedule. Customers that desire a negotiated NFS sales tariff via a standardized contract will be subject to an administrative charge of \$50 each time an NFS rate is negotiated.

The Division will be notified of any such contracts entered into. The associated volumes, revenues, and margin shall be included in the quarterly NFS margin reports filed with the Commission.

The contract shall be considered a confidential document between the Company and Customer. By signing the contract, the Customer and the Company agree not to share the contract or the information contained within the contract with anyone except the parties to the contract and the Rhode Island Public Utilities Commission and/or the Division of Public Utilities, unless given written consent from the other party or required by law or administrative order to do so.

**8.1 THREE-YEAR
CONTRACT
OPTION:**

Customers may enter into a long term contract of at least three years. Such contract will enable the customer to receive gas sales and transportation service with the transportation rate of \$0.070/Therm. The gas services provided under such contracts shall be attributed higher priority than service for other NFS and transportation customers

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NON-FIRM SALES (NFS) SERVICE
RATE 60

9.0 NON-FIRM TRANSPORTATION
SERVICE OPTION:

The Company will also offer, during the winter months, limited NFS and non-firm transportation (NFT) service for customers on a "best efforts" basis. If a customer buying gas under this rate schedule opts to directly arrange for the acquisition of wellhead gas supplies, and the transportation of those wellhead gas supplies to the Company's gate stations, then the Company will transport, subject to available capacity, such directly acquired gas to the customer's facilities. Rates and conditions for such transportation service are included in the Company's Non-Firm Transportation (NFT) Service Schedule RIPUC NG 101, Section 6.

10.0 RHODE ISLAND GROSS
EARNINGS TAX:

The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.

11.0 GAS ENERGY
EFFICIENCY:

The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

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NON-FIRM TRANSPORTATION (NTS) SERVICE
RATE 61

1.0 AVAILABILITY:

For any non-residential customer with dual-fuel capability:
(1) whose premises are located adjacent to the Company's gas distribution mains having adequate capacity to supply the customer's prospective gas requirements in addition to the requirements of other customers already receiving service from such distribution mains; (2) who uses gas for boiler load, process load or cogeneration with a minimum combined hourly input of 100 Ccf/hour; and (3) who maintains adequate standby facilities for the use of an alternate fuel which may be substituted for gas when gas transportation is not available under this Tariff.

This rate is available to any customer who has, without the assistance of the Company or the use of its facilities or dedicated pipeline capacity, arranged for the acquisition and transportation of gas supplies to the Company's gate stations, has executed a Transportation Service Application, has designated on such Application a Marketer as required under the Transportation Terms and Conditions in Section 6, Schedule C and who meets the following additional criteria:

- A. The customer must have telemetering equipment in place.
- B. The customer agrees to discontinue service, when in the sole discretion of the Company, such discontinuance is necessary in order to continue to serve the needs of firm customers at such time. The Company will attempt to give three (3) working days' notice of such action except in the event of emergency, when at least one hour's notice will be given.

Any gas consumed during a requested discontinuance, whether authorized or unauthorized, shall be provided by the Company and not a third party supplier or Marketer of record.

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NON-FIRM TRANSPORTATION (NTS) SERVICE

RATE 61

2.0 RATE:

Customer Charge will be determined as follows:

1. For those customers who can potentially consume more than 100,000 Therms per month:

- \$715 per month, per customer.

2. For those customers who can potentially consume more than 25,000 Therms, but less than 100,000 Therms per month:

- \$485 per month, per customer

3. For those customers whose potential monthly consumption is less than 25,000 Therms per month:

- \$275 per month, per customer

Distribution Charge:

In the absence of an effective agreement between Company and customer adopting a rate for an extended term of non-firm transportation service, the rate per Therm of gas transported by Company to customer hereunder will be calculated for each billing month as follows:

$$TR = SR - GC$$

Where:

TR = the rate for non-firm transportation service

SR = the rate for non-firm gas sales

GC = Company's marginal cost

For any non-firm transportation customer whose alternative fuel is No. 6 oil, 1% sulphur: Any positive difference between

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NON-FIRM TRANSPORTATION (NTS) SERVICE
RATE 61

(1) the figured transportation rate; and (2) \$.085/Therm shall be apportioned in equal shares to the transportation customer and firm customers.

**3.0 CONTRACT
OPTION:**

The Company, in its discretion, may enter into contracts to provide non-firm transportation service with terms one month or longer, where, in the Company's determination, such contracts are necessary to maximize benefits to the Company and its customers. Said contracts may supplement or vary the terms contained in this rate schedule. Customers that desire negotiated non-firm transportation tariffs via a standardized contract will be subject to an administrative charge of \$50 each time a non-firm transportation rate is negotiated.

The Division will be notified of any such contracts entered into. The associated volumes, revenues, and margin shall be included in the quarterly non-firm margin reports filed with the Commission.

The contract shall be considered a confidential document between the Company and Customer. By signing the contract, the Customer and the Company agree not to share the contract or the information contained within the contract with anyone except the parties to the contract and the Rhode Island Public Utilities Commission and/or the Division of Public Utilities, unless given written consent from the other party or required by law or administrative order to do so.

**3.1 THREE-YEAR CONTRACT
OPTION:**

Customers may enter into a long term contract of at least three years. Such contract will enable the customer to receive gas transportation service with the transportation component of \$0.070/Therm. The gas services provided under such contracts shall be attributed higher priority than service for other non-firm sales and transportation customers.

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NON-FIRM TRANSPORTATION (NTS) SERVICE
RATE 61

4.0 MINIMUM RATE
PER MONTH:

The floor price for non-firm transportation service shall, under no circumstances, be less than \$.016/Therm for the period November 1 through March 31, and no less than \$.010/Therm for the period April 1 through October 31 for each year, adjusted for GET.

5.0 TRANSPORTATION
TERMS AND
CONDITIONS:

The Company's Transportation Terms and Conditions in Section 6, Schedule C of RIPUC NG No. 101, as in effect from time-to-time and where not inconsistent with any provisions hereof, are a part of this Schedule.

6.0 RETURN TO NON-FIRM
SALES SERVICE:

A transportation customer may, at the end of the life of a service contract, petition to return to non-firm sales service. If the customer requests interruptible sales service under the Company's Non-firm Sales Service Schedule the Company will be obliged to provide such service.

7.0 GENERAL RULES AND
REGULATIONS:

The Company's General Rules and Regulations in Section 1, of RIPUC NG No. 101, as in effect from time-to-time and where not inconsistent with any provisions hereof, are a part of this Schedule.

8.0 TELEMETERING
EQUIPMENT:

Telemetry equipment is required. The customer may have access to the telemetry equipment for data gathering and transmission.

9.0 NON-FIRM
SALES SERVICE:

A transportation customer may elect to receive non-firm sales service from the Company. Rates for such service and general terms and conditions under which such service is provided

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NON-FIRM TRANSPORTATION (NTS) SERVICE
RATE 61

will be determined under the Company's existing Non-Firm Service in Section 5, Schedule E of RIPUC NG No. 101.

**10.0 GAS BALANCING
NOMINATION/
AGGREGATION:**

Refer to the Transportation Terms and Conditions in Section 6, Schedule C of RIPUC NG No. 101.

**11.0 RHODE ISLAND GROSS
EARNINGS TAX:**

The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.

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**12.0 GAS ENERGY
EFFICIENCY:**

The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

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Attachment PCC-2

Clean Tariffs

TAXES AND SURCHARGES

1.0 RHODE ISLAND GROSS EARNINGS TAX:

Unless otherwise indicated, all rates exclude an amount necessary for the payment of Rhode Island Gross Earnings Tax. An amount necessary for the payment of Rhode Island Gross Earnings Tax will be separately identified on bills rendered to customers.

2.0 GROSS EARNINGS TAX REDUCTION FOR MANUFACTURERS:

Consistent with the gross earnings tax exemption provided in Section 44-13-35 of Rhode Island General Laws, eligible manufacturing customers will be billed the applicable Rhode Island Gross Earnings Tax. The customer is responsible for providing to the Company in writing its tax exemption number and other appropriate documentation. If the Company collected any taxes or assessments from the customer and is later informed by the customer that the customer is exempt from such taxed, it shall be the customer's responsibility to obtain any refund from the appropriate governmental taxing agency.

Eligible manufacturing customers are those customers who have on file with the Company a valid certificate of exemption from the Rhode Island sales tax (under section 44-18-30 (H) of Rhode Island General Laws) indicating the customer's status as a manufacturer. If the Division of Taxation (or other Rhode Island taxing authority with jurisdiction) disallows any part or all of the exemption as it applies to a customer, the customer will be required to reimburse the Company in the amount of the credits provided to such customer which were disallowed, including any interest required to be paid by the Company to such authority.

The Division of Taxation has indicated that it will generally deem 95% of manufacturer's volumes to be for "manufacturing use" eligible for the reduced manufacturer's Gross Earnings Tax (GET) rate. Thus, unless usage is separately metered for manufacturing only, 95% of billed amounts for qualified customers will be deemed to be for manufacturing purposes and eligible for the manufacturer's

TAXES AND SURCHARGES

GET credit, whereas the remaining 5% of the billed amount will be subject to the standard GET rate. If usage is separately metered for manufacturing use only, the entire amount will be subject to the reduced manufacturing GET rate.

No other use of gas will be included in this rate for billing purposes.

3.0 OTHER RHODE ISLAND TAXES:

Where applicable at rate or rates in effect from time-to-time.

4.0 GAS ENERGY EFFICIENCY SURCHARGE:

As provided for in Section 39-2-1.2(d) of Rhode Island General Laws, a charge of up to fifteen cents (\$.15) per dekatherm (Dt) shall be collected for programs including, but not limited to, cost-effective energy efficiency, energy conservation, combined heat and power systems, and weatherization services for low income households.

A Gas Energy Efficiency Program shall be annually filed with the Public Utilities Commission for review and approval. Such filing shall include: (1) a detailed description of the various programs; (2) a projection of costs for the following year; (3) a reconciliation of costs and revenues for the current year with any differential between the actual and authorized amounts collected and or funds expended, with interest, being added or subtracted from the amount to be collected during the following calendar year; and (4) the calculation of an applicable per therm surcharge for the upcoming year. Upon approval by the Commission, such charge (adjusted for gross earnings tax and the uncollectible percentage approved in the most recent rate case proceeding) shall become effective with usage on or after the effective date.

RESIDENTIAL NON-HEATING
RATE 10

- 1.0 AVAILABILITY:** Sales service is available under this rate for all domestic non-heating purposes in individual private residential dwellings with six (6) or less units or in connection with condominium associations with gas supplied through one meter.
- 2.0 CHARACTER OF SERVICE:** A continuous supply of gas of not less than 1,000 Btu per cubic foot.
- 3.0 RATES:**
- | | |
|----------------------|--------------------|
| Customer Charge: | \$ 7.50 per month |
| Distribution Charge: | \$0.4226 per Therm |
- 4.0 MINIMUM CHARGE:** Customer Charge per month.
- 5.0 GENERAL RULES AND REGULATIONS:** The Company's General Rules and Regulations in Section 1 of RIPUC NG No. 101 as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.
- 6.0 RHODE ISLAND GROSS EARNINGS TAX:** The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.
- 7.0 GAS COST RECOVERY CLAUSE:** The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.
- 8.0 DISTRIBUTION ADJUSTMENT CLAUSE:** The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.
- 9.0 GAS ENERGY EFFICIENCY:** The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

RESIDENTIAL HEATING
RATE 12

- 1.0 AVAILABILITY:** Sales service is available under this rate for all domestic purposes in individual private residential dwellings with six (6) or less units or in connection with condominium associations with gas supplied through one meter where natural gas is the primary fuel used for space and/or central heating equipment.
- 2.0 CHARACTER OF SERVICE:** A continuous supply of gas of not less than 1,000 Btu per cubic foot.
- 3.0 RATES:** Customer Charge: \$9.00 per month
- Distribution Charge:
- On-Peak Period (November - April)
- First 125 Therms @ \$0.3600 per Therm
- Over 125 Therms @ \$0.2800 per Therm
- Off-Peak Period (May - October)
- First 30 Therms @ \$0.3600 per Therm
- Over 30 Therms @ \$0.2800 per Therm
- 4.0 MINIMUM CHARGE:** Customer Charge per month.
- 5.0 GENERAL RULES AND REGULATIONS:** The Company's General Rules and Regulations in Section 1 of RIPUC NG No. 101 as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.
- 6.0 RHODE ISLAND GROSS EARNINGS TAX:** The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.

RESIDENTIAL HEATING
RATE 12

7.0 GAS COST RECOVERY

CLAUSE:

The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

**8.0 DISTRIBUTION
ADJUSTMENT**

CLAUSE:

The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

**9.0 GAS ENERGY
EFFICIENCY:**

This application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

C&I SMALL
RATE 21

- 1.0 AVAILABILITY:** Sales service is available under this rate at single locations to Commercial and Industrial customers whose annual gas usage is equal to or less than 5,000 Therms as determined by Company records and procedures. In the case of a new customer, or a customer with new gas applications, the annual gas usage for the first year shall be that agreed upon by the Company and the customer.
- 2.0 CHARACTER OF SERVICE:** A continuous supply of gas of not less than 1,000 Btu per cubic foot.
- 3.0 RATES:** Customer Charge: \$14.00 per month
- Distribution Charge:
- On-Peak Period (November - April)
- First 135 Therms @ \$0.3721 per Therm
- Over 135 Therms @ \$0.2600 per Therm
- Off-Peak Period (May - October)
- First 20 Therms @ \$0.3721 per Therm
- Over 20 Therms @ \$0.2600 per Therm
- 4.0 MINIMUM CHARGE:** Customer Charge per month.
- 5.0 GENERAL RULES AND REGULATIONS:** The Company's General Rules and Regulations in Section 1 of RIPUC NG No. 101 as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.
- 6.0 RHODE ISLAND GROSS EARNINGS TAX:** The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.
- 7.0 GAS COST RECOVERY CLAUSE:** The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

C&I SMALL
RATE 21

**8.0 DISTRIBUTION
ADJUSTMENT
CLAUSE:**

The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

**9.0 GAS ENERGY
EFFICIENCY:**

This application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

C&I MEDIUM
RATE 22

- 1.0 AVAILABILITY:** Transportation or Sales service is available under this rate at single locations to Commercial and Industrial customers whose annual gas usage is greater than 5,000 Therms, but less than or equal to 35,000 Therms as determined by Company records and procedures. In the case of a new customer, or a customer with new gas applications, the annual gas usage for the first year shall be that agreed upon by the Company and the customer.
- 2.0 CHARACTER OF SERVICE:** A continuous supply of gas of not less than 1,000 Btu per cubic foot.
- 3.0 TRANSPORTATION SERVICE PROVISIONS:** For Customers selecting transportation service under this Schedule, the Transportation Service provisions found in Section 6 of RIPUC NG No. 101 are applicable as in effect from time-to-time.
- 4.0 RATES:**
- Customer Charge: \$45.00 per month
- Demand Charge: \$0.9000 per Therm of customer's maximum average daily quantity (MADQ) from the most recent November through April period based on historical billing data. In the case of a new customer or a customer with new gas applications, the November through April gas consumption shall be that agreed upon by the Company and the customer.
- Distribution Charge: \$0.1715 per Therm
- 5.0 MINIMUM CHARGE:** Customer Charge and Demand Charge per month.

C&I MEDIUM
RATE 22

- 6.0 GENERAL RULES AND REGULATIONS:** The Company's General Rules and Regulations in Section 1 of RIPUC NG No. 101 as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.
- 7.0 RHODE ISLAND GROSS EARNINGS TAX:** The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.
- 8.0 GAS COST RECOVERY CLAUSE:** The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.
- 9.0 DISTRIBUTION ADJUSTMENT CLAUSE:** The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.
- 10.0 GAS ENERGY EFFICIENCY:** The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

C&I LARGE HIGH LOAD FACTOR USE
RATE 23

- 1.0 AVAILABILITY:** Transportation or Sales service is available under this rate at single locations to Commercial and Industrial customers whose annual gas usage is greater than 35,000 Therms, but less than 150,000 Therms and whose off-peak (May through October) gas usage is equal to or greater than 31% of the annual gas usage for the most recent September through August period, as determined by Company records and procedures. In the case of a new customer, or a customer with new gas applications, the annual gas usage for the first year shall be that agreed upon by the Company and the customer.
- 2.0 CHARACTER OF SERVICE:** A continuous supply of gas of not less than 1,000 Btu per cubic foot.
- 3.0 TRANSPORTATION SERVICE PROVISIONS:** For Customers selecting transportation service under this Schedule, the Transportation Service provisions found in Section 6 of RIPUC NG No. 101 are applicable as in effect from time-to-time.
- 4.0 RATES:**
- Customer Charge: \$90.00 per month
- Demand Charge: \$1.2500 per Therm of customer's maximum average daily quantity (MADQ) from the most recent November through April period based on historical billing data. In the case of a new customer or a customer with new gas applications, the November through April gas consumption shall be that agreed upon by the Company and the customer.
- Distribution Charge: \$0.0964 per Therm
- 5.0 MINIMUM CHARGE:** Customer Charge and Demand Charge per month.

C&I LARGE HIGH LOAD FACTOR USE
RATE 23

- 6.0 GENERAL RULES AND REGULATIONS:** The Company's General Rules and Regulations in Section 1 of RIPUC NG No. 101 as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.
- 7.0 RHODE ISLAND GROSS EARNINGS TAX:** The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.
- 8.0 GAS COST RECOVERY CLAUSE:** The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.
- 9.0 DISTRIBUTION ADJUSTMENT CLAUSE:** The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.
- 10.0 GAS ENERGY EFFICIENCY:** The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

C&I EXTRA LARGE HIGH LOAD FACTOR USE
RATE 24

- 1.0 AVAILABILITY:** Transportation or Sales service is available under this rate at single locations to Commercial and Industrial customers whose annual gas usage is equal to or greater than 150,000 Therms and whose off-peak (May through October) gas usage is equal to or greater than 31% of the annual gas usage for the most recent September through August period, as determined by Company records and procedures. In the case of a new customer, or a customer with new gas applications, the annual gas usage for the first year shall be that agreed upon by the Company and the customer.
- 2.0 CHARACTER OF SERVICE:** A continuous supply of gas of not less than 1,000 Btu per cubic foot.
- 3.0 TRANSPORTATION SERVICE PROVISIONS:** For Customers selecting transportation service under this Schedule, the Transportation Service provisions found in Section 6 of RIPUC NG No. 101 are applicable as in effect from time-to-time.
- 4.0 RATES:**
- Customer Charge: \$300.00 per month
- Demand Charge: \$1.2500 per Therm of customer's maximum average daily quantity (MADQ) from the most recent November through April period based on historical billing data. In the case of a new customer or a customer with new gas applications, the November through April gas consumption shall be that agreed upon by the Company and the customer.
- Distribution Charge: \$0.0270 per Therm
- 5.0 MINIMUM CHARGE:** Customer Charge plus Demand Charge per month.

C&I EXTRA LARGE HIGH LOAD FACTOR USE
RATE 24

- 6.0 GENERAL RULES AND REGULATIONS:** The Company's General Rules and Regulations in Section 1 of RIPUC NGC No. 101 as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.
- 7.0 RHODE ISLAND GROSS EARNINGS TAX:** The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.
- 8.0 GAS COST RECOVERY CLAUSE:** The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.
- 9.0 DISTRIBUTION ADJUSTMENT CLAUSE:** The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.
- 10.0 GAS ENERGY EFFICIENCY:** The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

C&I LARGE LOW LOAD FACTOR USE
RATE 33

- 1.0 AVAILABILITY:** Transportation or Sales service is available under this rate at single locations to Commercial and Industrial customers whose annual gas usage is greater than 35,000 Therms, but less than 150,000 Therms and whose off-peak (May through October) gas usage is equal to or less than 30% of the annual gas usage for the most recent September through August period, as determined by Company records and procedures. In the case of a new customer, or a customer with new gas applications, the off-peak and annual gas usage for the first year shall be that agreed upon by the Company and the customer.
- 2.0 CHARACTER OF SERVICE:** A continuous supply of gas of not less than 1,000 Btu per cubic foot.
- 3.0 TRANSPORTATION SERVICE PROVISIONS:** For Customers selecting transportation service under this Schedule, the Transportation Service provisions found in Section 6 of RIPUC NG No. 101 are applicable as in effect from time-to-time.
- 4.0 RATES:**
- Customer Charge: \$90.00 per month
- Demand Charge: \$0.9000 per Therms of customer's highest average daily consumption from the most recent November through April period based on historical billing data. In the case of a new customer or a customer with new gas applications, the November through April gas consumption shall be that agreed upon by the Company and the customer.
- Distribution Charge: \$0.1695 per Therm
- 5.0 MINIMUM CHARGE:** Customer Charge and Demand Charge per month.

C&I LARGE LOW LOAD FACTOR USE
RATE 33

- 6.0 GENERAL RULES AND REGULATIONS:** The Company's General Rules and Regulations in Section 1 of RIPUC NG No. 101 as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.
- 7.0 RHODE ISLAND GROSS EARNINGS TAX:** The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.
- 8.0 GAS COST RECOVERY CLAUSE:** The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.
- 9.0 DISTRIBUTION ADJUSTMENT CLAUSE:** The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.
- 10.0 GAS ENERGY EFFICIENCY:** The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

C&I EXTRA LARGE LOW LOAD FACTOR USE
RATE 34

- 1.0 AVAILABILITY:** Transportation or Sales service is available under this rate at single locations to Commercial and Industrial customers whose annual gas usage is equal to or greater than 150,000 Therms and whose off-peak (May through October) gas usage is equal to or less than 30% of the annual gas usage for the most recent September through August period, as determined by Company records and procedures. In the case of a new customer, or a customer with new gas applications, the annual gas usage for the first year shall be that agreed upon by the Company and the customer.
- 2.0 CHARACTER OF SERVICE:** A continuous supply of gas of not less than 1,000 Btu per cubic foot.
- 3.0 TRANSPORTATION SERVICE PROVISIONS:** For Customers selecting transportation service, the Transportation Service provisions found in Section 5 of RIPUC NG No. 101 are applicable as in effect from time-to-time.
- 4.0 RATES:**
- | | |
|----------------------|--|
| Customer Charge: | \$300.00 per month |
| Demand Charge: | \$0.9000 per Therm of customer's maximum average daily quantity (MADQ) from the most recent November through April period based on historical billing data. In the case of a new customer or a customer with new gas applications, the November through April gas consumption shall be that agreed upon by the Company and the customer. |
| Distribution Charge: | \$0.0348 per Ccf |
- 5.0 MINIMUM CHARGE:** Customer Charge plus Demand Charge per month.

C&I EXTRA LARGE LOW LOAD FACTOR USE
RATE 34

- 6.0 GENERAL RULES AND REGULATIONS:** The Company's General Rules and Regulations in Section 1 of RIPUC NG No. 101 as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.
- 7.0 RHODE ISLAND GROSS EARNINGS TAX:** The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.
- 8.0 GAS COST RECOVERY CLAUSE:** The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.
- 9.0 DISTRIBUTION ADJUSTMENT CLAUSE:** The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.
- 10.0 GAS ENERGY EFFICIENCY:** The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

NON-FIRM SALES (NFS) SERVICE
RATE 60

1.0 AVAILABILITY:

For any non-residential customer with dual-fuel capability: (1) whose premises are located adjacent to the Company's gas distribution mains having adequate capacity to supply the customer's prospective gas requirements in addition to the requirements of other customers already receiving service from such distribution mains; (2) who uses gas for boiler load, process load or cogeneration with a minimum combined hourly input of 100 Ccf/hour; and (3) who maintains adequate standby facilities for the use of an alternate fuel which may be substituted for gas when gas is not available under this Tariff.

2.0 RATES:

Non-firm Sales (NFS) service rates shall be set for the upcoming month, no later than 10:30 a.m. five (5) business days prior to the commencement of that month. Upon setting the NFS service rate, if the Company obtains a new, lower cost gas supply, the rate may be reduced prior to the first calendar day of the month. The customer must notify the Company by 9:00 a.m. two (2) business days prior to the commencement of that month of the intention to take NFS service, and must provide a reasonable estimate of natural gas expected to be used for the month.

Customer charges will be determined as follows:

1. For those customers who can potentially consume more than 100,000 Therms per month:
 - \$625 per month, per customer
2. For those customers who can potentially consume more than 25,000 Therms, but less than 100,000 Therms per month:
 - \$405 per month, per customer
3. For those customers whose potential monthly consumption is less than 25,000 Therms per month:
 - \$185 per month, per customer

NON-FIRM SALES (NFS) SERVICE
RATE 60

Commodity Charge is based on the alternative fuel used by the customer as follows:

#6 Oil: For those customers whose alternative fuel is #6 oil 1% sulfur, the NFS service rate will be based upon the average of the high/low posted oil price as published in the "Journal of Commerce" under DAILY PETROLEUM PRICES, six (6) business days prior to the commencement of that month.

- a. For those customers who have the potential to consume 100,000 or more Therms per month, the rate will reflect a 22% discount from the posted oil price.
- b. For those customers who have the potential to consume between 25,000 Therms and 100,000 Therms per month, the rate will reflect an 11% discount from the posted price.
- c. For those customers who have the potential to consume less than 25,000 Therms per month, the rate will reflect a 7% discount from the posted oil price.

#4 Oil: For those customers whose alternative fuel is #4 oil, the NFS service rate will be based upon 55% of the posted #6 oil price, and 45% of the posted #2 oil price calculated herein.

- a. For those customers who have the potential to consume 25,000 or more Therms per month, the rate will reflect a 7% discount from the posted oil price.
- b. For those customers who have the potential to consume less than 25,000 Therms per month, the

NON-FIRM SALES (NFS) SERVICE
RATE 60

rate will reflect a 2.25% discount from the posted oil price.

#2 Oil: For those customers whose alternative fuel is #2 oil, the NFS service rate will be based upon the average of the high/low posted oil price as published in the "Journal of Commerce" under PETROLEUM PRICES, six (6) business days prior to the commencement of that month.

- a. For those customers who have the potential to consume 100,000 or more Therms per month, the rate will reflect a 7% discount from the posted oil price.
- b. For those customers who have the potential to consume less than 100,000 Therms per month, the rate will reflect a 2.25% discount from the posted price.

Propane: For those customers whose alternative fuel is propane, the NFS service rate will be based upon the Selkirk average propane price taken from the most recent edition of the "Weekly Propane Newsletter" published by Butane Propane News.

- a. For those customers who have the potential to consume 100,000 or more Therms per month, the rate will reflect a 7% discount from the posted propane price.
- b. For those customers who have the potential to consume less than 100,000 Therms per month, the rate will reflect a 2.25% discount from the posted price.

Rate Calculations to derive the sales rate will be as follows:

$$SR = P / C \times D$$

NON-FIRM SALES (NFS) SERVICE
RATE 60

Where:

SR = Sales rate

P = Posted price for #6, 1% sulphur oil, #4 oil, #2 oil, or propane

D = Discount factor

C = A conversion factor for customer's alternative fuel, as follows:

#6 oil - 1.48 Therms/gallon
#4 oil - 1.44 Therms/gallon
#2 oil - 1.39 Therms/gallon
Propane - 0.916 Therms/gallon

For any customer whose alternative fuel is No. 6 oil, 1% sulphur: If the sales margin is greater than \$.085/ Therms, then any positive difference between 1) the figured NFS gas sales rate less the least cost incremental gas supply; and 2) \$.085/Therm shall be apportioned in equal shares to the NFS gas customer and firm customers.

3.0 MINIMUM CHARGE:

Under no circumstances shall the NFS gas sales rate be less than the incremental supply available to the Company, adjusted for the Company's Fuel Allowance, plus the following amounts:

<u>Period</u>	<u>Amount</u>
November 1 - March 31	\$.016/Therm
April 1 - October 31	\$.010/Therm

NON-FIRM SALES (NFS) SERVICE
RATE 60

**4.0 NOTIFICATION OF
INTERRUPTION/
CURTAILMENT:**

Customer will curtail or discontinue service when, in the sole opinion of the Company, such curtailment or interruption is necessary in order for it to continue to supply the gas requirements of its firm customers at such time. The Company will attempt to give the customer three (3) working days' notice of such curtailment, except in emergency situations, when at least one hour's notice shall be given.

**5.0 FAILURE TO
CURTAIL:**

For any period that a customer fails to curtail the use of gas as requested by the Company, the charge for gas consumption will be equal to the NFS service customer charge plus Gas Usage at a penalty of 5 times the Daily Index . Such use of gas under these circumstances shall be considered an "unauthorized use" of gas.

In the event where the Company, in its sole discretion, grants the customer an exemption from the curtailment, the use of gas under these circumstances shall be referred to as an "authorized use of gas." Authorized use of gas during a curtailment will be for a limited time period. The charge for gas consumed under these conditions will be the NFS service customer charge plus the highest cost gas required to meet demand during the applicable curtailment period, plus the current firm sales service rate excluding the firm customer charges. Payments for this use, whether authorized or unauthorized, shall not preclude the Company from turning off the customer's supply of gas in the event of the failure to interrupt, or curtail, the use thereof when requested to do so.

6.0 METER TEST:

Users will receive the results of periodic calibration tests performed by the Company on the meters installed on their premises. Meters will be deemed unacceptable if these tests show an error greater than +/-1%. Meters will also be deemed unacceptable, no matter what their error, if the results of three

NON-FIRM SALES (NFS) SERVICE
RATE 60

successive tests are consistently high or low. Meters will measure gas flow rates corrected to 60° F gas.

7.0 TELEMETERING:

Telemetry equipment is required for those customers who wish to avail themselves of this service.

8.0 CONTRACT OPTION:

The Company, in its discretion, may enter into contracts to provide NFS service with terms one month or longer where, in the Company's determination, such contracts are necessary to maximize benefits to the Company and its customers. Said contracts may supplement or vary the terms contained in this rate schedule. Customers that desire a negotiated NFS sales tariff via a standardized contract will be subject to an administrative charge of \$50 each time an NFS rate is negotiated.

The Division will be notified of any such contracts entered into. The associated volumes, revenues, and margin shall be included in the quarterly NFS margin reports filed with the Commission.

The contract shall be considered a confidential document between the Company and Customer. By signing the contract, the Customer and the Company agree not to share the contract or the information contained within the contract with anyone except the parties to the contract and the Rhode Island Public Utilities Commission and/or the Division of Public Utilities, unless given written consent from the other party or required by law or administrative order to do so.

8.1 THREE-YEAR CONTRACT OPTION:

Customers may enter into a long-term contract of at least three years. Such contract will enable the customer to receive gas sales and transportation service with the transportation rate of \$0.070/Therm. The gas services provided under such contracts shall be attributed higher priority than service for other NFS and transportation customers

NON-FIRM SALES (NFS) SERVICE
RATE 60

9.0 NON-FIRM TRANSPORTATION
SERVICE OPTION:

The Company will also offer, during the winter months, limited NFS and non-firm transportation (NFT) service for customers on a "best efforts" basis. If a customer buying gas under this rate schedule opts to directly arrange for the acquisition of wellhead gas supplies, and the transportation of those wellhead gas supplies to the Company's gate stations, then the Company will transport, subject to available capacity, such directly acquired gas to the customer's facilities. Rates and conditions for such transportation service are included in the Company's Non-Firm Transportation (NFT) Service Schedule RIPUC NG 101, Section 6.

10.0 RHODE ISLAND GROSS
EARNINGS TAX:

The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.

11.0 GAS ENERGY
EFFICIENCY:

The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

NON-FIRM TRANSPORTATION (NTS) SERVICE
RATE 61

1.0 AVAILABILITY:

For any non-residential customer with dual-fuel capability: (1) whose premises are located adjacent to the Company's gas distribution mains having adequate capacity to supply the customer's prospective gas requirements in addition to the requirements of other customers already receiving service from such distribution mains; (2) who uses gas for boiler load, process load or cogeneration with a minimum combined hourly input of 100 Ccf/hour; and (3) who maintains adequate standby facilities for the use of an alternate fuel which may be substituted for gas when gas transportation is not available under this Tariff.

This rate is available to any customer who has, without the assistance of the Company or the use of its facilities or dedicated pipeline capacity, arranged for the acquisition and transportation of gas supplies to the Company's gate stations, has executed a Transportation Service Application, has designated on such Application a Marketer as required under the Transportation Terms and Conditions in Section 6, Schedule C and who meets the following additional criteria:

- A. The customer must have telemetering equipment in place.
- B. The customer agrees to discontinue service, when in the sole discretion of the Company, such discontinuance is necessary in order to continue to serve the needs of firm customers at such time. The Company will attempt to give three (3) working days' notice of such action except in the event of emergency, when at least one hour's notice will be given.

Any gas consumed during a requested discontinuance, whether authorized or unauthorized, shall be provided by the Company and not a third party supplier or Marketer of record.

NON-FIRM TRANSPORTATION (NTS) SERVICE
RATE 61

2.0 RATE:

Customer Charge will be determined as follows:

1. For those customers who can potentially consume more than 100,000 Therms per month:
 - \$715 per month, per customer.
2. For those customers who can potentially consume more than 25,000 Therms, but less than 100,000 Therms per month:
 - \$485 per month, per customer
3. For those customers whose potential monthly consumption is less than 25,000 Therms per month:
 - \$275 per month, per customer

Distribution Charge:

In the absence of an effective agreement between Company and customer adopting a rate for an extended term of non-firm transportation service, the rate per Therm of gas transported by Company to customer hereunder will be calculated for each billing month as follows:

$$TR = SR - GC$$

Where:

TR = the rate for non-firm transportation service

SR = the rate for non-firm gas sales

GC = Company's marginal cost

For any non-firm transportation customer whose alternative fuel is No. 6 oil, 1% sulphur: Any positive difference between

NON-FIRM TRANSPORTATION (NTS) SERVICE
RATE 61

(1) the figured transportation rate; and (2) \$.085/Therm shall be apportioned in equal shares to the transportation customer and firm customers.

3.0 CONTRACT
OPTION:

The Company, in its discretion, may enter into contracts to provide non-firm transportation service with terms one month or longer, where, in the Company's determination, such contracts are necessary to maximize benefits to the Company and its customers. Said contracts may supplement or vary the terms contained in this rate schedule. Customers that desire negotiated non-firm transportation tariffs via a standardized contract will be subject to an administrative charge of \$50 each time a non-firm transportation rate is negotiated.

The Division will be notified of any such contracts entered into. The associated volumes, revenues, and margin shall be included in the quarterly non-firm margin reports filed with the Commission.

The contract shall be considered a confidential document between the Company and Customer. By signing the contract, the Customer and the Company agree not to share the contract or the information contained within the contract with anyone except the parties to the contract and the Rhode Island Public Utilities Commission and/or the Division of Public Utilities, unless given written consent from the other party or required by law or administrative order to do so.

3.1 THREE-YEAR CONTRACT
OPTION

Customers may enter into a long-term contract of at least three (3) years. Such contract will enable the customer to receive gas transportation service with the transportation component of \$.070/Therm. The gas services provided under such contracts shall be attributed higher priority than service for other non-firm sales and transportation customers.

NON-FIRM TRANSPORTATION (NTS) SERVICE
RATE 61

**4.0 MINIMUM RATE
PER MONTH:**

The floor price for non-firm transportation service shall, under no circumstances, be less than \$.016/Therm for the period November 1 through March 31, and no less than \$.010/Therm for the period April 1 through October 31 for each year, adjusted for GET.

**5.0 TRANSPORTATION
TERMS AND
CONDITIONS:**

The Company's Transportation Terms and Conditions in Section 6, Schedule C of RIPUC NG No. 101, as in effect from time-to-time and where not inconsistent with any provisions hereof, are a part of this Schedule.

**6.0 RETURN TO NON-FIRM
SALES SERVICE:**

A transportation customer may, at the end of the life of a service contract, petition to return to non-firm sales service. If the customer requests interruptible sales service under the Company's Non-firm Sales Service Schedule the Company will be obliged to provide such service.

**7.0 GENERAL RULES AND
REGULATIONS:**

The Company's General Rules and Regulations in Section 1, of RIPUC NG No. 101, as in effect from time-to-time and where not inconsistent with any provisions hereof, are a part of this Schedule.

**8.0 TELEMETERING
EQUIPMENT:**

Telemetry equipment is required. The customer may have access to the telemetry equipment for data gathering and transmission.

**9.0 NON-FIRM
SALES SERVICE:**

A transportation customer may elect to receive non-firm sales service from the Company. Rates for such service and general terms and conditions under which such service is provided

NON-FIRM TRANSPORTATION (NTS) SERVICE
RATE 61

will be determined under the Company's existing Non-Firm Service in Section 5, Schedule E of RIPUC NG No. 101.

**10.0 GAS BALANCING
NOMINATION/
AGGREGATION:**

Refer to the Transportation Terms and Conditions in Section 6, Schedule C of RIPUC NG No. 101.

**11.0 RHODE ISLAND GROSS
EARNINGS TAX:**

The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.

**12.0 GAS ENERGY
EFFICIENCY:**

The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

Attachment PCC-3

Energy Efficiency Program

Surcharge and Funding Worksheets

Energy Efficiency Program
Surcharge Worksheet

1	Proposed Energy Efficiency Budget year 1		\$	2,784,000	
2	2% Resources Mgmt Council	(1) x 2%	\$	55,680	
3		Total (1) + (2)	\$	2,839,680	
4	Current Base Rate Collections				
5	DSM program		\$	300,000	
6	Low Income Weatherization		\$	200,000	
7		(4) + (5)	\$	500,000	
8	Proposed Surcharge Collections	(3) - (7)	\$	2,339,680	
9	Throughput subject to Surcharge			37,123,207	dth
10	Energy Efficiency Surcharge	(8) / (9)	\$	0.063	per dth

Energy Efficiency Program
Funding Worksheet

<u>Rate Class</u> (a)	Forecasted Use 11/06 - 10/07	Energy Efficiency Surcharge (1) Volumes (Dth)	Energy Efficiency Surcharge Collections	Base Rate (2) Collections	Total Energy Efficiency Collections	Program Budget (3)	Number of Customers
Total Firm THROUGHPUT							
Residential Non-Heating	617,594	617,594	\$ 38,908	\$ 8,919	\$ 47,827	\$ 46,889	31,859
Residential Heating	18,144,431	18,144,431	\$ 1,143,099	\$ 262,027	\$ 1,405,126	\$ 1,377,575	191,245
Residential subtotal	18,762,025	18,762,025	\$ 1,182,008	\$ 270,946	\$ 1,452,953	\$ 1,424,464	223,104
Small C&I	2,315,913	2,315,913	\$ 145,903	\$ 33,445	\$ 179,347	\$ 175,830	17,654
Medium C&I	5,270,452	5,270,452	\$ 332,038	\$ 76,112	\$ 408,150	\$ 400,147	4,477
Large LLF	2,659,072	2,659,072	\$ 167,522	\$ 38,400	\$ 205,922	\$ 201,884	464
Large HLF	901,687	901,687	\$ 56,806	\$ 13,021	\$ 69,828	\$ 68,459	141
Extra Large LLF	828,024	828,024	\$ 52,166	\$ 11,958	\$ 64,123	\$ 62,866	33
Extra Large HLF	3,886,035	3,886,035	\$ 244,820	\$ 56,119	\$ 300,939	\$ 295,038	62
C&I Subtotal	15,861,182	15,861,182	\$ 999,254	\$ 229,054	\$ 1,228,309	\$ 1,204,224	22,831
Total Firm Throughput	34,623,207	34,623,207	\$ 2,181,262	\$ 500,000	\$ 2,681,262	\$ 2,628,688	245,935
Non-Firm	2,500,000	2,500,000	\$ 157,500	\$ -	\$ 157,500	\$ 154,412	70
TOTAL THROUGHPUT	37,123,207	37,123,207	\$ 2,338,762	\$ 500,000	\$ 2,838,762	\$ 2,783,100	246,005

- (1) Assumes all customer usage is subject to surcharge
(2) Existing DSM collections embedded in base distribution rates
(3) Excludes 2% Resources Management Council allocation

Attachment PCC-4

Bill Impact Analysis

Bill Impact Analysis with Various Levels of Consumption:
Current Distribution, Current GCR and Current DAC Rates vs. Current Rates and Energy Efficiency Surcharge

Residential Heating:

Jan - Dec Consumption (Therms)	Proposed January-07	Current Rates	Difference	% Chg	Difference due to:			
					Base Rates	GCR	DAC	DSM
518	\$869	\$866	\$3	0.4%	\$0	\$0	\$0	\$3
621	\$1,021	\$1,017	\$4	0.4%	\$0	\$0	\$0	\$4
725	\$1,173	\$1,168	\$5	0.4%	\$0	\$0	\$0	\$5
828	\$1,322	\$1,317	\$5	0.4%	\$0	\$0	\$0	\$5
932	\$1,469	\$1,463	\$6	0.4%	\$0	\$0	\$0	\$6
Typical 1,035	\$1,615	\$1,609	\$7	0.4%	\$0	\$0	\$0	\$7
1,139	\$1,762	\$1,755	\$7	0.4%	\$0	\$0	\$0	\$7
1,242	\$1,907	\$1,899	\$8	0.4%	\$0	\$0	\$0	\$8
1,346	\$2,052	\$2,043	\$8	0.4%	\$0	\$0	\$0	\$8
1,449	\$2,196	\$2,187	\$9	0.4%	\$0	\$0	\$0	\$9
1,553	\$2,341	\$2,331	\$10	0.4%	\$0	\$0	\$0	\$10

Residential Non-Heating:

Jan - Dec Consumption (Therms)	Proposed January-07	Current Rates	Difference	% Chg	Difference due to:			
					Base Rates	GCR	DAC	DSM
77	\$207	\$207	\$0	0.2%	\$0	\$0	\$0	\$0
92	\$231	\$230	\$1	0.2%	\$0	\$0	\$0	\$1
107	\$254	\$254	\$1	0.3%	\$0	\$0	\$0	\$1
122	\$278	\$277	\$1	0.3%	\$0	\$0	\$0	\$1
138	\$301	\$300	\$1	0.3%	\$0	\$0	\$0	\$1
Typical 153	\$325	\$324	\$1	0.3%	\$0	\$0	\$0	\$1
168	\$348	\$347	\$1	0.3%	\$0	\$0	\$0	\$1
184	\$372	\$370	\$1	0.3%	\$0	\$0	\$0	\$1
199	\$395	\$394	\$1	0.3%	\$0	\$0	\$0	\$1
214	\$419	\$417	\$1	0.3%	\$0	\$0	\$0	\$1
230	\$442	\$441	\$1	0.3%	\$0	\$0	\$0	\$1

**Bill Impact Analysis with Various Levels of Consumption:
 Current Distribution, Current GCR and Current DAC Rates vs. Current Rates and Energy Efficiency Surcharge**

C & I Small:

Jan - Dec Consumption (Therms)	Proposed January-07	Current Rates	Difference	% Chg	Difference due to:			
					Base Rates	GCR	DAC	DSM
621	\$1,087	\$1,083	\$4	0.4%	\$0	\$0	\$0	\$4
745	\$1,267	\$1,263	\$5	0.4%	\$0	\$0	\$0	\$5
869	\$1,446	\$1,440	\$5	0.4%	\$0	\$0	\$0	\$5
994	\$1,621	\$1,615	\$6	0.4%	\$0	\$0	\$0	\$6
1,118	\$1,795	\$1,788	\$7	0.4%	\$0	\$0	\$0	\$7
Typical 1,242	\$1,968	\$1,960	\$8	0.4%	\$0	\$0	\$0	\$8
1,366	\$2,140	\$2,131	\$9	0.4%	\$0	\$0	\$0	\$9
1,490	\$2,311	\$2,301	\$9	0.4%	\$0	\$0	\$0	\$9
1,615	\$2,482	\$2,472	\$10	0.4%	\$0	\$0	\$0	\$10
1,739	\$2,653	\$2,642	\$11	0.4%	\$0	\$0	\$0	\$11
1,863	\$2,824	\$2,812	\$12	0.4%	\$0	\$0	\$0	\$12

C & I Medium:

Jan - Dec Consumption (Therms)	Proposed January-07	Current Rates	Difference	% Chg	Difference due to:			
					Base Rates	GCR	DAC	DSM
5,174	\$7,447	\$7,426	\$21	0.3%	\$0	\$0	\$0	\$33
6,209	\$8,828	\$8,803	\$26	0.3%	\$0	\$0	\$0	\$39
7,244	\$10,210	\$10,180	\$30	0.3%	\$0	\$0	\$0	\$46
8,278	\$11,591	\$11,557	\$34	0.3%	\$0	\$0	\$0	\$52
9,313	\$12,972	\$12,934	\$38	0.3%	\$0	\$0	\$0	\$59
Typical 10,348	\$14,354	\$14,311	\$43	0.3%	\$0	\$0	\$0	\$65
11,383	\$15,735	\$15,688	\$47	0.3%	\$0	\$0	\$0	\$72
12,418	\$17,116	\$17,065	\$51	0.3%	\$0	\$0	\$0	\$78
13,452	\$18,498	\$18,442	\$55	0.3%	\$0	\$0	\$0	\$85
14,487	\$19,879	\$19,819	\$60	0.3%	\$0	\$0	\$0	\$91
15,522	\$21,261	\$21,197	\$64	0.3%	\$0	\$0	\$0	\$98

Bill Impact Analysis with Various Levels of Consumption:
Current Distribution, Current GCR and Current DAC Rates vs. Current Rates and Energy Efficiency Surcharge

C & I LLF Large:

Jan - Dec Consumption (Therms)	Proposed January-07	Current Rates	Difference	% Chg	Difference due to:			
					Base Rates	GCR	DAC	DSM
33,637	\$46,443	\$46,316	\$127	0.3%	\$0	\$0	\$0	\$212
40,364	\$55,516	\$55,364	\$153	0.3%	\$0	\$0	\$0	\$254
47,092	\$64,589	\$64,411	\$178	0.3%	\$0	\$0	\$0	\$297
53,819	\$73,662	\$73,458	\$203	0.3%	\$0	\$0	\$0	\$339
60,547	\$82,734	\$82,505	\$229	0.3%	\$0	\$0	\$0	\$381
Typical 67,274	\$91,807	\$91,553	\$254	0.3%	\$0	\$0	\$0	\$424
74,001	\$100,880	\$100,600	\$280	0.3%	\$0	\$0	\$0	\$466
80,729	\$109,952	\$109,647	\$305	0.3%	\$0	\$0	\$0	\$509
87,456	\$119,025	\$118,695	\$331	0.3%	\$0	\$0	\$0	\$551
94,184	\$128,098	\$127,742	\$356	0.3%	\$0	\$0	\$0	\$593
100,911	\$137,170	\$136,789	\$381	0.3%	\$0	\$0	\$0	\$636

C & I HLF Large:

Jan - Dec Consumption (Therms)	Proposed January-07	Current Rates	Difference	% Chg	Difference due to:			
					Base Rates	GCR	DAC	DSM
33,638	\$42,358	\$42,211	\$147	0.3%	\$0	\$0	\$0	\$212
40,365	\$50,613	\$50,437	\$176	0.3%	\$0	\$0	\$0	\$254
47,093	\$58,869	\$58,663	\$206	0.4%	\$0	\$0	\$0	\$297
53,820	\$67,125	\$66,889	\$235	0.4%	\$0	\$0	\$0	\$339
60,548	\$75,380	\$75,115	\$265	0.4%	\$0	\$0	\$0	\$381
Typical 67,275	\$83,636	\$83,342	\$294	0.4%	\$0	\$0	\$0	\$424
74,003	\$91,891	\$91,568	\$323	0.4%	\$0	\$0	\$0	\$466
80,730	\$100,147	\$99,794	\$353	0.4%	\$0	\$0	\$0	\$509
87,458	\$108,402	\$108,020	\$382	0.4%	\$0	\$0	\$0	\$551
94,185	\$116,658	\$116,246	\$412	0.4%	\$0	\$0	\$0	\$593
100,913	\$124,913	\$124,472	\$441	0.4%	\$0	\$0	\$0	\$636

**Bill Impact Analysis with Various Levels of Consumption:
 Current Distribution, Current GCR and Current DAC Rates vs. Current Rates and Energy Efficiency Surcharge**

C & I LLF Extra-Large:

Jan - Dec Consumption (Therms)	Proposed January-07	Current Rates	Difference	% Chg	Difference due to:			
					Base Rates	GCR	DAC	DSM
142,312	\$174,996	\$174,435	\$562	0.3%	\$0	\$0	\$0	\$897
170,774	\$209,275	\$208,602	\$674	0.3%	\$0	\$0	\$0	\$1,076
199,237	\$243,555	\$242,769	\$786	0.3%	\$0	\$0	\$0	\$1,255
227,699	\$277,834	\$276,935	\$898	0.3%	\$0	\$0	\$0	\$1,435
256,162	\$312,113	\$311,102	\$1,011	0.3%	\$0	\$0	\$0	\$1,614
Typical 284,624	\$346,392	\$345,269	\$1,123	0.3%	\$0	\$0	\$0	\$1,793
313,086	\$380,672	\$379,436	\$1,235	0.3%	\$0	\$0	\$0	\$1,972
341,549	\$414,951	\$413,603	\$1,348	0.3%	\$0	\$0	\$0	\$2,152
370,011	\$449,230	\$447,770	\$1,460	0.3%	\$0	\$0	\$0	\$2,331
398,474	\$483,509	\$481,937	\$1,572	0.3%	\$0	\$0	\$0	\$2,510
426,936	\$517,789	\$516,104	\$1,685	0.3%	\$0	\$0	\$0	\$2,690

C & I HLF Extra-Large:

Jan - Dec Consumption (Therms)	Proposed January-07	Current Rates	Difference	% Chg	Difference due to:			
					Base Rates	GCR	DAC	DSM
137,313	\$160,398	\$159,788	\$611	0.4%	\$0	\$0	\$0	\$865
164,775	\$191,758	\$191,025	\$733	0.4%	\$0	\$0	\$0	\$1,038
192,238	\$223,118	\$222,263	\$855	0.4%	\$0	\$0	\$0	\$1,211
219,700	\$254,477	\$253,500	\$977	0.4%	\$0	\$0	\$0	\$1,384
247,163	\$285,837	\$284,738	\$1,099	0.4%	\$0	\$0	\$0	\$1,557
Typical 274,625	\$317,197	\$315,975	\$1,222	0.4%	\$0	\$0	\$0	\$1,730
302,088	\$348,556	\$347,213	\$1,344	0.4%	\$0	\$0	\$0	\$1,903
329,550	\$379,916	\$378,450	\$1,466	0.4%	\$0	\$0	\$0	\$2,076
357,013	\$411,276	\$409,688	\$1,588	0.4%	\$0	\$0	\$0	\$2,249
384,475	\$442,635	\$440,925	\$1,710	0.4%	\$0	\$0	\$0	\$2,422
411,938	\$473,995	\$472,163	\$1,832	0.4%	\$0	\$0	\$0	\$2,595

**Testimony of
Bruce A. Johnson**

National Grid
RIPUC Docket No. 3790
Gas Energy Efficiency Programs
Witness: Bruce A. Johnson

DIRECT TESTIMONY
OF
BRUCE A. JOHNSON
ON BEHALF OF NATIONAL GRID

December 1, 2006

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1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. Please state your name and business address.**

3 A. My name is Bruce A. Johnson. My business address is 52 Second Avenue,
4 Waltham, MA 02451.

5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by KeySpan Corporation. I am the Director of KeySpan's
7 Energy Management Department. I have been retained as a consultant to
8 National Grid ("National Grid" or the "Company") for the purpose of
9 assisting the Company with the design and implementation of gas energy
10 efficiency programs in Rhode Island.

11 **Q. Please briefly describe your educational background and business
12 experience.**

13 A. I received a Bachelor's Degree in Nuclear Engineering from the University of
14 Wisconsin, in Madison. I also have received an MBA from the University of
15 St. Thomas, in Minneapolis. Prior to joining Boston Gas Company, I was an
16 analyst at the Massachusetts Department of Public Utilities. Before that I
17 worked at Northern States Power Company in Minneapolis for approximately
18 18 years. At Northern States Power, I worked in a number of different
19 capacities, including nuclear engineering, licensing of power plants,
20 environmental and regulatory activities, sales, marketing, customer service,
21

1 and energy efficiency. At various times, I managed the company's energy
2 efficiency, marketing, sales, and customer service departments. Prior to that, I
3 worked as a nuclear engineer at American Electric Power in Michigan.

4 **Q. Have you previously testified before the Rhode Island Public Utilities**
5 **Commission or any other regulatory agency?**

6 A. I have testified before the New Hampshire Public Utilities Commission on
7 energy efficiency programs in dockets DG 02-106, Energy Efficiency
8 Programs for Gas Utilities and DG 06-032, Energy North Natural Gas, Inc.
9 d/b/a KeySpan Energy Delivery New England, Demand-Side Management
10 and Market Transformation Plan.

11 I have also testified before the Massachusetts Department of
12 Telecommunications and Energy in docket D.T.E. 03-86, KeySpan's Petition
13 for approval of its energy efficiency performance summary for the period May
14 1, 2002 through April 30, 2003 (Program Year 1), performance incentive
15 calculation for the same period, and approval for the final budget for the
16 period May 1, 2003 through April 30, 2004 (Program Year 2).

17

18 **II. PURPOSE OF TESTIMONY**

19 **Q. What is the purpose of your testimony?**

20 A. The purpose of my testimony is to describe the gas energy efficiency
21 programs that National Grid proposes to implement in Rhode Island in 2007,

1 the expected level of funding by sector, and a proposal to provide the
2 Commission with additional details about proposed efforts in a phase 2 filing.

3
4 **III. PROPOSED PROGRAMS**

5 **Q. Does National Grid propose to offer programs for all customer sectors?**

6 A. Yes. National Grid has developed a portfolio of proposed programs that
7 provide residential, commercial, and industrial consumers with opportunities
8 to improve the efficient use of gas. These programs will be phased in over a
9 two year period from the effective date.

10 **Q. Why is National Grid proposing to implement these programs?**

11 A. In June 2006, the Rhode Island General Assembly enacted The
12 Comprehensive Energy Conservation, Efficiency and Affordability Act of
13 2006. The Act provides that beginning January 1, 2007 and for a period of
14 seven (7) years thereafter, each gas distribution company shall include, with
15 the approval of the Commission, a charge of up to \$0.15 per decatherm
16 (\$0.015 per therm) for demand side management programs, including, but not
17 limited to, programs for cost-effective energy efficiency, energy conservation,
18 combined heat and power systems, and weatherization services for low
19 income households.

20 The Company's proposed programs contained in this filing meet this
21 legislative requirement. The programs being proposed will help customers

1 address the variable cost of natural gas supply by increasing efficiency of use.

2 The goal is to provide the same level of comfort or service with the use of less
3 natural gas. Specific programs will be targeted to low-income customers, who
4 are especially affected by increases in natural gas commodity prices.

5 **Q. What are the specific programs you are proposing?**

6 A. The Company seeks to offer the following residential programs: *EnergyWise*
7 Program, Internet Audit Program, High Efficiency Heating Program, High-
8 Efficiency Water Heating Program, ENERGY STAR® Programmable
9 Thermostat Program, ENERGY STAR® Replacement Windows Program,
10 New Construction and ENERGY STAR® Homes Program, Single Family
11 Low-Income Services Program and Building Practices and Demonstration
12 Program.

13 We also propose several Multifamily and Commercial and Industrial energy
14 efficiency programs, including: Business Energy Analyzer Internet Audit
15 Program, Energy Audit and Engineering Services Program, Commercial
16 Energy Efficiency Program, Commercial High-Efficiency Heating Program,
17 Economic Redevelopment Program, Emerald Network Program, Building
18 Practices and Demonstration Program, and Trade Ally Training Program.

19 **Q. Please provide some additional details about the proposed residential**
20 **energy efficiency programs.**

1 A. Detailed descriptions of these programs can be found in Attachment 1 to my
2 testimony. National Grid is proposing to offer six new gas energy efficiency
3 programs, some of which are sponsored by GasNetworks®, and to combine
4 these efforts with the Company’s existing electric energy efficiency programs
5 in the low income, residential retrofit, and new construction areas.

6 **Q. Please describe gas energy efficiency programs for commercial and**
7 **industrial customers.**

8 A. Detailed descriptions of these programs can be found in Attachment 2 to my
9 testimony. National Grid is proposing to offer seven new energy efficiency
10 programs, some of which are sponsored by GasNetworks®, and to combine
11 these efforts with the Company’s existing electric energy efficiency programs
12 where possible.

13 **Q. What is GasNetworks?**

14 A. GasNetworks is a regional collaborative of natural gas distribution companies
15 that coordinate natural gas energy efficiency programs throughout Maine,
16 Massachusetts and New Hampshire. The benefit of GasNetworks
17 membership is that it allows each participating company to offer regional
18 programs at a lower overall cost to its customers. The GasNetworks programs
19 are consistent wherever they have been offered. The GasNetworks programs
20 have received several national awards from the American Council for an

1 Energy Efficient Economy as exemplary examples of natural gas energy
2 efficiency programs.

3 **Q. What is the objective of these energy efficiency programs?**

4 A. The objective of these programs is to encourage the most efficient use of
5 energy, especially natural gas, wherever practical.

6 **Q. What will be done to generate initial program awareness with customers?**

7 A. A brief description of the Company's initial communications plan for natural
8 gas energy efficiency programs is contained in Attachment 3. The Company
9 plans to leverage its experience in creating program awareness in its electric
10 programs to ensure success with the proposed gas programs.

11

12 **IV. FUNDING BY SECTOR**

13 **Q. State law allows National Grid to propose a charge of up to \$0.15 per**
14 **decatherm (\$0.015 per therm) for demand side management programs.**

15 **Is the Company proposing budgets for 2007 that are based on the**
16 **maximum charge allowed under the law?**

17 A. No. National Grid expects it will take time to effectively roll out the proposed
18 programs and to create demand for program services that can be served
19 effectively. In addition to educating customers about energy efficiency
20 opportunities, the Company will need to train contractors in order to develop
21 high quality programs for customers. As a result, the Company estimates that

1 program budgets that are based on funding levels equal to fifty percent of the
2 allowed billing factor, after taking into account energy efficiency program
3 funding currently included in base rates, is appropriate for the first year of
4 program implementation. A summary of funding by sector is provided in
5 Attachment PCC-3, page 2 of 2, of the prefiled testimony of Peter Czekanski.

6 **Q. Will National Grid seek to ramp up this charge over time?**

7 A. Yes. The Company expects that customer demand for program services will
8 grow over time. It is likely that a charge, higher than the currently proposed
9 demand-side management charge, will be needed in the future.

10

11 **V. PHASE 2 FILING PROPOSAL**

12 **Q. Is there additional information about proposed energy efficiency**
13 **program efforts that the Company would like to provide to the**
14 **Commission in a subsequent filing in this docket?**

15 A. Yes. The Company requires additional time to develop proposed program
16 budgets, to conduct an assessment of benefits and costs, to establish savings
17 goals by program and sector, to develop a proposal about a performance-based
18 shareholder incentive mechanism, and to develop proposed reporting
19 requirements.

20 **Q. When does the Company plan to file this information with the**
21 **Commission?**

1 A. National Grid anticipates that it will be able to file this remaining information
2 with the Commission by February 1, 2007.

3 **Q. Does this conclude your testimony?**

4 A. Yes.

Attachments
Table of Contents

Attachment BAJ-1	Residential Program Descriptions
Attachment BAJ-2	Commercial & Industrial Program Descriptions
Attachment BAJ-3	Rhode Island Gas Energy Efficiency Programs Communication Plan

Attachment BAJ-1

Residential Program Descriptions

1
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Residential Program Descriptions

Introduction

National Grid proposes to offer six new gas energy efficiency programs, some of which are sponsored in New England by GasNetworks®, and to combine efforts with the Company’s existing electric energy efficiency programs in the low income, residential retrofit and new construction areas. A brief description of each proposed residential program is provided in the following table:

Proposed Residential Energy Efficiency Programs	
EnergyWise Program	Free in home assessment for both single and multi-family homes providing recommendations and technical assistance for the installation of energy saving measures as well as incentives to encourage implementation of recommendations.
Energy Analysis: Internet Audit Program	Free online energy analysis service that makes customized energy efficiency recommendations based on a customer’s energy consumption profile.
High-Efficiency Heating Program	\$800 incentive for ENERGY STAR labeled boilers (90% AFUE), \$500 incentive for ENERGY STAR labeled boilers (85% AFUE), \$200 incentive for steam boilers (with electronic ignition, 82% AFUE), \$400 incentive for high efficiency furnaces (92% AFUE) with ECM Motor and \$100 incentive on furnaces (90% AFUE).
High-Efficiency Water Heating Program	\$300 incentive for indirect water heating system connected to an ENERGY STAR rated natural gas forced hot water boiler and \$300 for tankless/on-demand water heaters (EF .82 or greater with electronic ignition).
ENERGY STAR Programmable Thermostat Program	\$25 incentive each for up to two ENERGY STAR labeled programmable thermostats.
ENERGY STAR Replacement Window Program	\$10 incentive for each qualifying ENERGY STAR labeled window (U-factor of .35 or less).
New Construction and ENERGY STAR Homes Program	Free building plans review and certification for new ENERGY STAR residential construction.
Single Family Low Income Services	Free weatherization services provided to income eligible 1-4 unit homes. Operated through the Rhode Island Office of Energy Resources (OER).
Building Practices and Demonstration Program	Participate in funding for demonstration projects that apply to new or underutilized technologies.

1 Additional details about each proposed program are provided below.

2 **ENERGYWISE PROGRAM**

3 Gas energy efficiency funding will be used to expand available measures to gas
4 heating customers through National Grid's *EnergyWise* program. The program provides
5 a free assessment of a customer's energy use and recommends various ways customers
6 can improve their home's energy efficiency. Customers are given a detailed report
7 containing the recommendations of the audit including information about improving the
8 efficiency of their home which may lead to participation in other energy efficiency or
9 DSM programs. This service is currently funded by the legislatively-mandated electric
10 DSM charge. During 2007, the Company will evaluate the best way to fund the
11 combined program with both electric and gas DSM funding. In 2007, customers will
12 also receive the free installation of water saving devices (low flow showerheads and
13 aerators) for water heated by gas. That measure will be funded by gas energy efficiency
14 funds.

15 For 2007, the Company proposes to implement a new delivery mechanism for 1-
16 4 unit homes heated with gas. Customers in eligible homes who participate in
17 *EnergyWise* will be able to select an approved contractor to complete their air sealing and
18 insulation work.

19 The program will provide an incentive covering up to 20% of the cost of installing
20 weatherization measures in residential heating customers' homes. The maximum
21 incentive offered through this program is \$750 per gas heating account. Measures eligible
22 for an incentive through the program include: attic insulation, wall insulation,
23 basement/crawl space insulation, rim joist insulation, duct insulation, heating system pipe
24 insulation, attic ventilation (only in conjunction with attic insulation), ductwork leakage
25 testing, ductwork leakage sealing, air infiltration testing and air infiltration sealing. Other
26 measures may be added to the program menu, upon demonstration of cost-effectiveness.

27 To be eligible for an incentive, a National Grid pre-qualified contractor must be
28 chosen to install program measures. Contractors wishing to become pre-qualified must
29 provide proof of insurance in amounts and coverage acceptable to National Grid.

1 National Grid will perform a background check to verify the contractor's good standing,
2 and to determine if there have been complaints or other issues that would render the
3 contractor ineligible.

4 Additionally, the contractor must meet other requirements that will be introduced
5 over the course of 2007. This will include certification or accreditation by the Building
6 Performance Institute (BPI). BPI credentialed companies are trained to take into account
7 the complex interactions that affect health, safety, comfort, energy performance, and the
8 durability of homes. BPI standards include comprehensive diagnostic testing,
9 measurement and verification that the work is completed properly, and quality assurance.
10 The Company will reach out to the contractor community to provide training and
11 assistance in purchasing diagnostic equipment. Additional quality control will be
12 required as contractors begin working with the program.

13 It will be the responsibility of the installation contractor to complete and submit all
14 incentive applications with proper supporting documentation. Do-it-yourself work will
15 not be permitted through the program. Work completed through the program must meet
16 all applicable state and local code requirements. It is anticipated that all measures
17 installed will meet ENERGY STAR® guidelines, where applicable.

18 For multifamily buildings, the comprehensive building analysis will continue to
19 be performed under the existing electric-funded *EnergyWise* program. The gas funds
20 will be used to provide funding for prescriptive gas weatherization measures including
21 insulation, showerheads, aerators, air sealing, duct insulation and duct sealing. The
22 program will provide an incentive covering up to 20% of the cost of installing these
23 measures. The program will target both public housing authorities and privately-owned
24 properties. Through the program, multifamily properties will receive either a
25 prescriptive or custom audit depending on the size of the property or complexity of the
26 project. Incentives described in the Residential High-Efficiency Heating and the
27 Residential High-Efficiency Water Heating Program descriptions will apply to
28 multifamily facilities and condominiums which contain gas heating systems and/or
29 domestic hot water systems that serve individual dwelling units. This type of facility

1 would also be eligible for the single family type GasNetworks incentive programs.
2 Incentive levels for these prescriptive measures may vary for income qualified facilities.

3 Facilities with central heating plants and domestic hot water systems that are
4 interested in gas savings measures will be served through the Commercial High-
5 Efficiency Heating and Commercial Energy Efficiency Programs.

6 The Company plans to promote the *EnergyWise* program through advertising,
7 including bill inserts, direct mail, and the National Grid website. Customers interested in
8 learning more about the program may call a toll-free number where they can also learn
9 about all of the Company's residential energy efficiency programs.

10 **ENERGY ANALYSIS: INTERNET AUDIT PROGRAM**

11 The Home Energy Analyzer program offers the Company's customers an online
12 option for a home energy assessment. This audit tool provides customers with detailed
13 recommendations for saving energy in their homes, all within the convenience of a web
14 browser they can monitor whenever they choose. The tool can be accessed either through
15 the National Grid website or through a dedicated URL. A Spanish version will also be
16 available and a Portuguese version will be explored.

17 The service starts with 12 basic questions about the home and its occupants.
18 Using this information, the tool provides customers with a report comparing their home
19 with similar homes and offering "Top Ways to Save" that are specific to the customer's
20 home. Information will be provided about any applicable energy efficiency programs for
21 this customer both gas and electric. Users are invited to sign up for the Company's
22 seasonal *e-efficiency news* electronic newsletter which includes seasonal tips to save
23 energy, information about the Company's other energy efficiency programs, and a link to
24 continue the analysis of their homes. The continued analysis consists of more in-depth
25 questions about the numbers and types of appliances, the current state of the home's
26 weatherization and mechanical equipment, and provides additional advice on how to
27 improve the energy efficiency and comfort of the home.

28 The Company plans to promote the on-line home analyzer through advertising,
29 bill inserts, email broadcasts, direct mail and the corporate website.

1 **RESIDENTIAL HIGH-EFFICIENCY HEATING PROGRAM**

2 The Company's Residential High-Efficiency Heating program will be jointly
3 operated with GasNetworks and is available to the Company's residential heating
4 customers. Program goals include, but are not limited to:

- 5 • Increasing market sector awareness of high-efficiency gas heating equipment
- 6 • Increasing market sector awareness of efficiency enhancements and maintenance
7 to gas heating equipment
- 8 • Providing product training and program training to trade allies such as plumbing
9 and heating contractors
- 10 • Increasing customer knowledge of where to obtain high-efficiency heating
11 products
- 12 • Examining new or underutilized energy efficient heating technologies for
13 potential residential program development
- 14 • Monitoring customer perception of the performance and reliability of high-
15 efficiency gas heating equipment and the savings achieved

16
17 The program will be promoted through a variety of means including, but not
18 limited to, direct mail campaigns, bill inserts, trade ally events, and contractor job site
19 visits. Program brochures, builder packets and incentive applications will be the primary
20 marketing material utilized. The program will be promoted through the National Grid and
21 GasNetworks websites, where consumers and contractors will have the opportunity to
22 download program incentive applications and learn about program announcements,
23 updates or changes.

24 Overall, a strong emphasis will be placed on working with builders and
25 contractors who install gas-heating equipment. Target markets for the program include
26 both new construction and retrofit projects. The retrofit market is seen as the primary
27 driver of high-efficiency forced hot water and steam heating system opportunities,
28 whereas the new construction market is seen as the primary driver for high-efficiency
29 furnaces.

30 The incentive is available to residential heating customers (builders and/or
31 homeowners) worth up to \$800, depending on the type of heating equipment installed.
32 This incentive level is in accordance with the GasNetworks incentive levels offered
33 throughout New Hampshire, Maine, and Massachusetts. Subject to cost-effectiveness,

1 other heating related measures will also be incorporated in the incentive portfolio. The
2 incentive encourages customers to choose a high-efficiency model by influencing a
3 consumer in two ways: bringing attention and perceived value to the high-efficiency
4 equipment as an option as well as offsetting a portion of the higher initial purchase cost
5 of a high-efficiency model compared to a standard-efficiency model. On September 1st
6 of each year, GasNetworks typically makes changes to the incentive levels of the High-
7 Efficiency Heating Program in conjunction with the members of the GasNetworks
8 collaborative. National Grid proposes to adopt this practice. Factors taken into account
9 include market penetration information, changes in incremental costs of high-efficiency
10 equipment, and current program year participation and budget levels. See Table-i for a
11 listing of eligible equipment under the program and the current incentive level.

Table-i Residential High-Efficiency Heating Program: Incentive Table		
Furnaces (forced hot air)	AFUE* 90% or greater	\$100 Incentive
Furnaces (forced hot air with ECM)	AFUE* 92% or greater	\$400 Incentive
Boilers (forced hot water)	AFUE* 85% or greater	\$500 Incentive
Boilers (forced hot water)	AFUE* 90% or greater	\$800 Incentive
Boilers (steam with electronic ignition)	AFUE* 82% or greater	\$200 Incentive

* AFUE = Annual Fuel Utilization Efficiency

RESIDENTIAL HIGH-EFFICIENCY WATER HEATING PROGRAM

The Company’s Residential High-Efficiency Water Heating program will be jointly operated with GasNetworks and will be available to the Company’s residential water heating customers. Similar to the Company’s Residential High-Efficiency Heating program, program goals include, but are not limited to:

- Increasing the demand for residential high-efficiency natural gas water heaters.
- Increasing customer and trade ally awareness of the benefits of high-efficiency natural gas water heaters.
- Providing training on products and programs to trade allies such as plumbing and heating contractors.

- 1 • Increasing customer knowledge of where to obtain high-efficiency water heating
2 products.
- 3 • Monitoring customer perception of the performance and reliability of high-
4 efficiency gas water heating equipment and the savings achieved.

5
6 Program marketing will consist of direct mail campaigns and outreach to
7 contractors and builders, bill inserts to residential customers, attendance at trade ally
8 training events, radio, and promotion via National Grid's and GasNetwork's websites.
9 While direct customer marketing will generate a portion of the leads for this program, a
10 significant emphasis will be placed on meeting with heating and plumbing contractors at
11 trade shows, training sessions and job sites to encourage contractors to influence
12 consumer purchasing behavior toward this type of product.

13 The program incentive will be \$300 to residential water heating customers who
14 install an indirect water heater to an ENERGY STAR® rated natural gas forced hot water
15 boiler.

16 The Company will provide incentives for on-demand tankless water heaters as
17 an energy saving alternative to the stand alone water heaters. The Company will provide
18 a \$300 incentive for on-demand, tankless water heaters that have a 0.82 Energy Factor
19 with an electronic ignition. The Company proposes to promote both types of technology
20 and will work with the contractor community to assist it on how to identify the most
21 appropriate application to reap the most energy savings.

22 The Company also plans to participate in a developing water heater initiative
23 sponsored by the California Energy Commission. This developing initiative, The Super
24 Efficient Gas Water Heating Appliance Initiative (SEGWHAI), is intended to speed the
25 introduction of tank-type water heaters that are 15-30% more efficient than standard
26 models. Water heating represents approximately 16% of a household's natural gas usage.
27 Tank-type water heaters represent over 80% of water heater stock in the northeast.
28 Currently, an efficient water heater of this nature does not exist. Introduction of such
29 models as a result of the SEGWHAI project would enable to Company to develop an
30 incentive program in the future to promote that technology in customer's homes.

1 **ENERGY STAR® PROGRAMMABLE THERMOSTAT PROGRAM**

2 The ENERGY STAR Programmable Thermostat program provides a GasNetworks
3 incentive for the purchase and installation of up to two ENERGY STAR labeled
4 programmable thermostats per household. According to ENERGY STAR, programmable
5 thermostats are more accurate than manual models, contain no mercury, save energy, and
6 are, therefore, better for the environment. Over 250 different thermostat models currently
7 meet ENERGY STAR guidelines – up from only 60 five years ago. Each ENERGY STAR
8 qualified model thermostat includes four default program periods per day, as well as a
9 two-degree accuracy to keep home temperatures more even.

10 The ENERGY STAR Programmable Thermostat program will provide home
11 heating customers with an incentive for the purchase and installation of ENERGY STAR
12 labeled programmable thermostats. Through this program, customers will be eligible for
13 a \$25 mail-in incentive for the installation of up to two ENERGY STAR qualified
14 programmable thermostats. When applying for a thermostat incentive, residential
15 customers will be required to submit proof-of-purchase for the unit. The ENERGY STAR
16 website lists and updates all eligible thermostat models. Eligible thermostats may be
17 installed by homeowners, heating contractors or energy auditors. In addition to mail-in
18 incentives, instant incentives, in the form of point-of-sale discounts, will be available
19 through heating contractors and energy auditors.

20 Earning the ENERGY STAR means products meet strict energy efficiency
21 guidelines set by the US Environmental Protection Agency (EPA) and the Department of
22 Energy (DOE). To be ENERGY STAR labeled, programmable thermostats must be
23 equipped with the following features:

- 24
- 25 • Stores four or more temperature settings a day
 - 26 • Adjusts heating or air conditioning turn-on times as the outside temperature changes
 - 27 • Saves and repeats multiple daily settings
 - 28 • A “hold” feature that temporarily overrides programmed settings
- 29

30 The Company will promote this program via its website, both its thermostat and
31 heating incentive forms, direct mail, bill inserts, the online Home Energy Analyzer,

1 *e-fficiency news* electronic newsletters and through EnergyWise program auditors. The
2 Company will do outreach to stores such as The Home Depot[®], Lowe's[®], and regional
3 hardware stores. The retailer outreach effort will provide training of these retailers' sales
4 personnel regarding the incentive program and coordinate the ongoing distribution of
5 program incentive forms at these stores. The retailer outreach will be coordinated with
6 that of the ENERGY STAR Lighting and Appliance Programs.

7

8 **ENERGY STAR[®] REPLACEMENT WINDOW PROGRAM**

9 The ENERGY STAR Windows Program provides a \$10 GasNetworks mail-in
10 incentive for the installation of each high-efficiency replacement window in existing
11 residential homes. Eligible participants must be residential heating customers who have
12 installed ENERGY STAR labeled replacement windows with an U-factor of .35 or less¹
13 during the program year. When applying for a window incentive, residential customers
14 are required to submit proof-of-purchase, as well as proof of U-factor for the windows
15 installed. Efficiency ratings can be confirmed by the customer using either a copy of the
16 National Fenestration Rating Council ("NFRC") label(s) from the window(s), or by
17 providing detailed specifications from the window manufacturer confirming the
18 window(s)' U-Factor.

19 The customer incentive for purchasing and installing high-efficiency replacement
20 windows in Program Year One will be \$10.00 for every new window installed per
21 residential account.

22 The Company will promote this program via Company website, both its thermostat
23 and heating incentive forms, direct mail, bill inserts, the online Home Energy Analyzer
24 (described below), *e-fficiency news* electronic newsletters and through EnergyWise
25 program auditors. The Company will reach out to stores such as The Home Depot[®],
26 Lowe's[®], and regional hardware stores. The retailer outreach effort will provide training
27 of these retailers' sales personnel regarding the incentive program and will coordinate the

¹ U-Factor = Measurement of thermal conductivity. A lower U-factor indicates a higher level of window insulation.

1 ongoing distribution of program incentive forms at these stores. The retailer outreach
2 will be coordinated with that of the ENERGY STAR Lighting and Appliance Programs.

3

4 **NEW CONSTRUCTION AND ENERGY STAR® HOMES PROGRAM**

5 The ENERGY STAR Homes program is part of a national energy efficiency
6 campaign first developed in 1998 by the EPA and DOE. Rhode Island was one of the
7 first states to adopt this program, funded by electric energy efficiency funds. The homes
8 are designed, site inspected, and performance-tested to achieve a home energy rating
9 which helps consumers differentiate between efficient homes and standard homes.

10 The current program offered by National Grid and funded through the electric
11 DSM charge provides services to all residential new construction, regardless of fuel type.
12 National Grid will continue the existing program and examine opportunities to realign the
13 funding mechanisms for 2008 now that gas funding is available. For 2007, the Company
14 proposes to include a small budget funded by gas funds to support contractor training and
15 education.

16

17 **SINGLE FAMILY LOW INCOME SERVICES**

18 The Residential Low Income Program offers weatherization services to income
19 qualified customers eligible for fuel assistance benefits, who live in 1-4 unit buildings.
20 As had previously been the case with New England Gas in Rhode Island, the Company
21 will contract with the Rhode Island Office of Energy Resources (OER) and local
22 weatherization agencies for the delivery of energy efficiency services to eligible
23 customers. This is the same program model of serving low income customers currently
24 employed by National Grid for its electric efficiency programs.

25 Eligible measures provided through the program will include an energy audit,
26 attic insulation, wall insulation, air sealing, heating system repair/replacement (on a
27 qualifying basis) safety inspections, low-flow showerheads and aerators, and funding the
28 installation of CO detectors when DOE funds are not available.

1 The Company will market the program via Company brochures, bill inserts, and
2 the National Grid website. The program may also be marketed through direct contact
3 with eligible customers by OER and local CAP agencies to customers it serves through
4 state, federal, or local low income programs.

5
6 **BUILDING PRACTICES AND DEMONSTRATION PROGRAM**

7 The Company plans to launch its Building Practices and Demonstration Program
8 for residential markets during Program Year One. The purpose of the Building Practices
9 and Demonstration Program will be to explore and demonstrate new and/or underutilized
10 energy efficient procedures and equipment, including renewable energy system
11 processes. In its first year, the Building Practices and Demonstration Program will work
12 to identify which technologies or home building techniques would be well suited for use
13 and installation.

14 Input for this new program will be drawn from the expertise gathered by the
15 Company's Commercial & Industrial Building Practices & Demonstration Program, as
16 well as input from other utilities, program vendors, energy groups and interested business
17 partners.

18 Eligible participants in this program will include homeowners, landlords, as well
19 as home builders. Each participant may be asked to allow monitoring of the installation
20 and/or results, provide historical data, provide tours of the installation by potential users
21 or other interested stakeholders, and share the results in case study format.

22 Examples of potential projects include new insulation and weatherization
23 products, advanced heating and water heating products, solar thermal installations, new
24 construction techniques, green homes or very low energy use homes. Specific projects
25 will depend on interest and participation by customers, builders, vendors and
26 manufacturers.

27 Marketing of the program will rely on working with industry vendors developing
28 and/or offering new or underutilized natural gas energy efficiency technologies, as well
29 as other interested organizations.

Attachment BAJ-2

Commercial & Industrial Program Descriptions

1 **Commercial and Industrial Program Descriptions**

2 A brief description of each proposed program for commercial and industrial
3 customers is provided in the following table:

Proposed Commercial and Industrial Energy Efficiency Programs	
Business Energy Analyzer	Free online energy analysis service that makes customized energy efficiency recommendations based on a commercial customer’s energy consumption profile.
Energy Audit and Engineering Services	No cost company provided energy auditing service to help customers evaluate energy efficiency improvements in their facilities or 50% matching funds up to \$10,000 for outside studies that evaluate more complex technologies under consideration for implementation in customer facilities.
Commercial Energy Efficiency Program	Co-funding for Energy Auditing or Engineering Services; Prescriptive and custom incentives for more sophisticated systems and controls up to \$100,000.
Commercial High Efficiency Heating Program	Incentives up to \$6,000 for high-efficiency furnaces (90% AFUE), boilers (85% thermal efficiency) or steam boilers (82% thermal efficiency).
Economic Redevelopment Program	Matching grants up to \$100,000 for energy saving measures in commercial properties in designated Economic Redevelopment areas.
The Emerald Network	Incentives and services to customers focused on developing new green buildings (new construction) or increasing green aspects of existing buildings.
Building Practices & Demonstration Program	Participate in funding for demonstration projects that apply to new or underutilized technologies.
Trade Ally Training Program	Energy management training sessions targeted to individuals responsible for the maintenance and operation of equipment and systems in commercial buildings, industrial plants, and public facilities. Provide information and training on energy efficiency issues to plumbing & heating contractors, builders, architects, engineers, realtors, appraisers and others.

4
5 Additional details about each proposed program are provided below.

6

1 **Business Energy Analyzer**

2 The Business Energy Analyzer is an on-line self-managed audit tool that provides
3 customers with customized and practical recommendations for saving energy all from the
4 convenience of their computer. It is a user-friendly tool developed by Nexus Energy
5 Software that provides business customers: (1) an opportunity to learn about energy
6 savings as it relates both to their facility and their industry; (2) the flexibility of
7 addressing energy concerns at their leisure; and (3) the ability to return to the site and
8 review the recommendations. The tool also provides customers a vehicle to identify
9 which energy saving incentives they may be eligible for from National Grid.

10 Customers complete a Level I profile that includes their location, business type,
11 size of facility and hours of operation. Based on this information the system generates
12 energy saving recommendations or "Ways to Save". At this point, the customer can opt
13 to move on to Level II and enter more specific information about their facility. This
14 information includes actual energy use from utility bills, or they can choose to have the
15 system estimate usage. Based on the additional information, the system generates an
16 analysis of the business's energy usage that provides more accurate energy saving
17 suggestions and targeted "Ways to Save". The customer can view these tips either by
18 showing those with the greatest savings or the shortest payback. The recommended
19 measures have been customized to reflect information on incentives from National Grid.
20 Customers can also create a plan for energy efficiency from these measures that can be
21 retrieved any time they log on. Additionally, the tool offers the customer the ability to
22 compare their energy usage to similar businesses and view industry specific case studies.

23 The Company will market the tool through direct mail campaigns and promotions
24 designed to increase awareness and usage of the tool. Additionally, the tool will be
25 marketed through the Company's sales force and energy efficiency staff members that
26 have contact with customers, through partnerships with trade organizations and at trade
27 shows.

28 **Energy Audit and Engineering Services**

1 Energy Auditing services are for customers intending to proceed with energy
2 efficiency improvements but who require assistance estimating savings and incentive
3 levels. Most participants in this category will be small to medium customers with energy
4 efficiency applications, or large customers with relatively simple energy efficiency
5 projects. It is not required for customers to obtain an energy audit before proceeding with
6 prescriptive energy efficiency measures, nor does the Company intend to provide Energy
7 Auditing services for such projects. This service is provided with no direct cost to the
8 customer.

9 Engineering services will be used to evaluate more complex projects that involve
10 technologies associated with mechanical equipment, process equipment, and/or
11 underutilized or emerging green technologies. These types of technologies may include
12 boiler or chiller plant redesigns, heat recovery systems, digital energy management
13 systems, process efficiency improvement projects, and associated green building
14 technologies. Services provided under the program will include technical analysis and
15 engineering support for medium to large customers who need assistance evaluating
16 and/or designing complex projects. The Company will cost share these services with the
17 customer up to 50% of the reasonable fees related to the efficiency project, not to exceed
18 \$10,000. An administrative vendor will be capable of providing Engineering services to
19 the customer under contract with the Company at negotiated rates to be established via a
20 competitive bid process. In order to maintain a high level of quality and cost-
21 effectiveness throughout the program, the following criteria will be required:

- 22 • The study must be conducted by a Professional Engineer (PE) and/or a
23 Certified Energy Manager (CEM);
- 24 • The study scope and depth must extend beyond what is offered within the
25 Energy Auditing program;
- 26 • The customer will be required to pursue a green building/facility
27 certification or to seek assistance with a specific energy efficient
28 technology

1 **Commercial Energy Efficiency Program**

2 The Commercial Energy Efficiency Program is designed to provide support
3 services and financial incentives that encourage the Company's commercial and
4 industrial customers to install energy efficient natural gas equipment. Virtually any
5 energy efficient technology or system design that exceeds the minimum requirements of
6 the local energy code, and which is not covered by another Company program offering,
7 may be eligible for a incentive under this program. The program will be open to all gas
8 sales customers on a commercial tariff, including multifamily facilities. Incentives
9 provided through the program must be pre-approved by the Company and/or the
10 administrative vendor prior to delivery or installation of product(s) or service(s).

11 Customers may apply for program services or incentives via a variety of channels
12 including Company representatives, plumbing and heating contractors, engineering firms,
13 energy service companies or equipment vendors. After reviewing the customer's energy
14 efficiency needs, the customer will be offered the appropriate program services. The
15 following describes the three categories of services a customer may be eligible for.

16 ***Prescriptive Incentives***

17 Prescriptive incentives will be available for common energy efficiency measures
18 including programmable thermostats, boiler reset controls, steam trap replacements, pipe
19 and/or duct insulation, building shell (walls, roof, floor, crawlspace) insulation, and high
20 efficiency windows. Prescriptive incentives will be targeted toward all commercial and
21 industrial customers. The Company will rely primarily upon contractors and trade allies
22 to locate candidate facilities and to install the eligible prescriptive measures. This effort
23 will be supported by an extensive outreach and education effort to these trade allies, as
24 well as promotions directed to the customers themselves. Energy audits will not be
25 required for participation. However, pre-approval of the contractor's proposals and the
26 available prescriptive incentive will be required. Customers will receive incentives for
27 installed measures as indicated in Table-i.

1

Table-i Eligible Prescriptive Measures	
Measure	Proposed Incentive
Programmable thermostats	\$25 each
Digital boiler reset control	\$150 single stage; \$250 multi-stage
Steam trap replacements	\$25 / replaced trap
Pipe or duct insulation; duct sealing	Up to 20% of project cost
Building shell insulation (roof, walls, floor)	Up to 20% of project cost
Premium efficiency windows	\$1 / sq.ft. of window rough opening area
Gas Fired High Efficiency Fryers	\$300 / \$500 incentives

2

3 ***Custom Incentives***

4 Custom Incentives will be available for projects that demonstrate the use of
5 natural gas more efficiently than typical industry practices, or more efficiently than the
6 minimum building code requirements. Incentives will be limited to no more than 50% of
7 the eligible installed project costs, and the Company’s contribution will be capped at
8 \$100,000 per site and/or project.

9 Custom Incentives will be classified as either Level One or Level Two. Level
10 One projects will involve less complex technologies and/or highly cost effective
11 technologies and will receive incentives based upon \$0.75 per first year of estimated
12 therm savings. Examples of Level One projects are redesigns of HVAC systems, energy
13 recovery ventilation, most heat recovery applications, building automation/energy
14 management systems, and advanced technology burners and/or burner controls.
15 Incentives for heat recovery from cogeneration units will be limited to \$.75 per first year
16 of estimated therm savings.

17 Level Two projects are more complex and/or represent underutilized technologies
18 and will receive incentives based upon \$1.50 per first year of estimated therm savings.
19 Few applications are expected to reach this threshold. In Program Year 1 the Company
20 will build upon its experiences in other jurisdictions and offer customers the opportunity

1 to incorporate solar thermal technologies such as solar DHW heating, solar pool heating,
2 and solar space heating into the program. Incentives may not be applied toward normal
3 maintenance costs, or for equipment disabling or abandonment without an energy
4 efficient replacement.

5 **Commercial High-Efficiency Heating Program**

6 The Commercial High-Efficiency Heating program will provide incentives to
7 commercial, industrial, governmental, institutional, non-profit and multifamily facilities
8 that install high-efficiency heating equipment. The incentives will be provided to reduce
9 the incremental cost between standard and high-efficiency equipment.

10 The Commercial High-Efficiency Heating program will be promoted primarily to
11 architects, engineers, equipment vendors, contractors and other trade allies. Since many
12 of the trade allies overlap in the residential and smaller multifamily and commercial
13 markets, the program will often be promoted together with the Residential High-
14 Efficiency Heating program. Trade ally awareness will be increased through direct mail,
15 trade publications, newspapers, trade shows/seminars, and site visits.

16 The program's incentive schedule will apply to a variety of product types and a
17 broad range of equipment sizes that are appropriate for the commercial market segments.
18 This range provides an opportunity to participate regardless of customer size. There will
19 also be incentives for natural gas fired, low intensity infrared heaters, high efficiency
20 condensing unit heaters and direct fired make-up air systems that are appropriate for the
21 larger commercial and industrial segments. Boiler incentives will be available in a two-
22 tiered matrix: Tier One for high-efficiency non-condensing boilers and Tier Two for
23 high-efficiency fully condensing boilers.

24 The Commercial High-Efficiency Heating Incentive Program efficiency ratings
25 for smaller heating equipment (up to 300,000 Btuh input) are measured using AFUE
26 ratings. Efficiency ratings for larger heating equipment, which exceeds the size ranges
27 for AFUE, are measured using a thermal efficiency or steady state rating.

1 Table-ii: below depicts the Commercial High-Efficiency Heating program
2 incentive qualifications.

Table-ii Commercial High-Efficiency Heating Program Incentive Qualification		
Product	Rating	Incentive
Furnaces (up to 150 MBtuh)	> 90% AFUE	\$150
Rooftop Furnaces with Modulating Burners added	Not Applicable	Custom
Condensing unit heaters (151 to 400 MBtuh)	> 90% Thermal Efficiency	\$500
Direct fired heaters / direct fired makeup air (up to 1500 MBtuh)		\$1,000
Direct fired heaters / direct fired makeup air (1501 to 3000 MBtuh)		\$1,500
Direct fired heaters / direct fired makeup air (over 3000 MBtuh)		\$2,000
Infrared heaters (all sizes)	low intensity	\$500
Steam Boilers (up to 300 MBTU)	> 82% AFUE	\$200
Steam Boilers (over 300 MBtuh) with Modulating Burners added	Not Applicable	Custom
Hydronic Boilers (under 175 MBtuh)	> 85% AFUE	\$500
Hydronic Boilers (176 to 300 MBTU)	> 85% AFUE	\$700
Hydronic Boilers (301 to 499 MBTU)	> 85% Thermal Efficiency	\$1,000
Hydronic Boilers (500 to 999 MBTU)	> 85% Thermal Efficiency	\$2,000
Hydronic Boilers (1000 to 1700 MBTU)	> 85% Thermal Efficiency	\$3,000
Hydronic Boilers (1701 MBTU and larger)	> 85% Thermal Efficiency	\$4,000
Condensing Boilers (under 175 Mbtuh)	> 88% AFUE	\$600
Condensing Boilers (176 to 300 Mbtuh)	> 88% AFUE	\$1,000
Condensing Boilers (301 to 499 Mbtuh)	> 90% Thermal Efficiency	\$1,500
Condensing Boilers (500 to 999 Mbtuh)	> 90% Thermal Efficiency	\$3,000
Condensing Boilers (1000 to 1700 Mbtuh)	> 90% Thermal Efficiency	\$4,500
Condensing Boilers (1701 Mbtuh and larger)>	90% Thermal Efficiency	\$6,000
Instantaneous Tankless Water Heater	>0.82 EF & Electronic Ignition	\$300
Indirect fired water heaters (up to 50 gallon storage)		\$100
Indirect fired water heaters (over 50 gallon storage)		\$250

3

4 **Economic Redevelopment Program**

5 The Economic Redevelopment Program is designed to improve energy efficiency
6 and reduce energy costs while also helping to foster the rehabilitation of buildings,
7 storefronts and neighborhoods in areas that are in need. Additionally, the program can
8 provide financial incentives and resources to help community based organizations and
9 non-profits increase the energy efficiency of their facilities and reduce their operating
10 costs. Through the program, the Company will work with Chambers of Commerce,
11 economic redevelopment organizations, non-profit organizations, as well as private

1 development corporations and businesses to facilitate the installation of eligible building
2 shell and other measures that increase the energy efficiency of business districts, K-12
3 public school systems, and public and private subsidized housing. One of the program's
4 objectives is to leverage energy efficiency funds with other investments that are being
5 made for community development purposes.

6 Funding through the Economic Redevelopment Program will focus on projects
7 that demonstrate a strong community impact. A project has a strong community impact
8 when it provides for site rehabilitation, creates jobs, provides housing solutions or is
9 integral in providing community based programs.

10 The program will be eligible to all Company multifamily, commercial and
11 industrial customers that meet the program's intent. Maximum funding per project will
12 be \$100,000, with a minimum of 50% matching funds requirement by customer.
13 Applications for funding must include a description of the redevelopment project,
14 information on the sponsoring organization, identification of additional funding sources,
15 types of energy conserving measures to be installed, estimated energy savings and project
16 schedule. Each application for funding will be evaluated and an analysis will be
17 performed to identify cost-effective opportunities for reducing a customer's energy
18 usage. The analysis performed will lead to a report summary of recommendations and a
19 detailed description of the alternatives evaluated, including: total installation costs,
20 annual energy costs, annual savings and simple payback periods.

21 **The Emerald Network**

22 The Emerald Network will offer incentives and services to customers focused on
23 developing new green buildings or increasing green aspects of their existing buildings.
24 The program will provide both technical and financial resources to assist customers
25 seeking Leadership Energy and Environmental Design (LEED) Certification through the
26 US Green Building Council's LEED rating system. These services will aid customers and

1 their design teams in designing and constructing better buildings through high
2 performance heating and building envelope systems. In addition to looking at traditional
3 opportunities for energy efficiency, this track will also promote the use of advanced
4 technologies, such as combined heating or cooling and power and double-effect
5 absorption cooling, by connecting customers with resources from National Grid and
6 industry partners. The Company will assist design teams through technical assessments
7 and integrated engineering and architectural practices during the design development to
8 define best practices toward high performance green standards. This effort will engage
9 architects, engineers and other building and construction industry participants not
10 traditionally reached through other energy efficiency programs, to move toward high
11 performance, green practices. In addition, these services will include design features
12 such as water resource management and advanced lighting systems. To fully support this
13 program and ensure that green buildings are performing as designed, the Company will
14 also provide training for operators of green buildings and increasing their awareness of
15 green applications.

16 **Building Practices and Demonstration Program**

17 The purpose of the Building Practices and Demonstration Program is to establish
18 successful applications of new or underutilized energy efficient procedures, processes, or
19 technologies. Interested parties may file applications for financial and technical
20 assistance directly with the Company. Applications must include a description of the
21 scope of work and an estimate of the savings and benefits to be realized. Participants are
22 required to allow monitoring of the installation and/or results, tours of the installation by

1 potential users or other interested stakeholders, and publication of the results in case
2 study format.

3 To market the program, the Company will rely on industry vendors developing
4 and/or offering new or underutilized natural gas energy efficiency technologies as well as
5 the efforts of Company employees.

6 The focus will be technologies that have low customer awareness or market
7 penetration, and the end uses may include cooling, refrigeration, process heat, cooking,
8 thermal measures, cogeneration, load control, or heat recovery. The program may also
9 look at exemplary energy efficient designs or practices as demonstrations.

10 During the first year, the Company will be working to identify new energy
11 efficient kitchen technologies. Some of these technologies include:

- 12 ➤ Commercial Steam Cookers
- 13 ➤ Infrared Pizza Ovens
- 14 ➤ Internet Protocol Based Remote Energy Management Systems
- 15 ➤ Low-flow Commercial Dishwashers

16 The Company will develop relationships with key partners and organizations like
17 the Consortium for Energy Efficiency (CEE) Commercial Kitchens Group and the
18 Energy Solutions Center (ESC), to increase its access to new technology information.

19 **Trade Ally Training Program**

20 Energy efficiency awareness by the Company's trade allies is crucial to reducing
21 barriers to energy efficiency and increasing acceptance of new technologies. Education
22 activities to this segment will be a critical piece of the Company's promotion efforts.

23 The Company will support and undertake a wide range of training events in
24 collaboration with GasNetworks, the ENERGY STAR® Homes Joint Management
25 Committee, Northeast Energy Efficiency Partnerships (NEEP), manufacturing training

1 representatives and other trade allies. Outreach will extend to contractors, engineers,
2 builders, landlords, realtors, facility managers and housing authorities. In addition, the
3 Company will also support NEEP's Building Operator Certification Initiative. The
4 objective of all training activities will be to increase trade ally awareness of the benefits
5 of energy efficiency and provide them with the technical tools to properly select, size,
6 install and maintain energy efficient products.

7 Training activities will be promoted via Company newsletters and direct mail
8 campaigns to contractors, in addition to meeting with trade allies at public events. The
9 GasNetworks website (www.gasnetworks.com) will also be used as a vehicle for
10 promotion, offering trade allies a central source of information on special event training
11 efforts, in addition to joint energy efficiency programs.

12 The budget for the Trade Ally Training Program will be included within each
13 program's budget.

Attachment BAJ-3

Rhode Island Gas Energy Efficiency Programs
Communication Plan

1 **Rhode Island Gas Energy Efficiency Programs**
2 **Communication Plan**
3

4 The availability of gas energy efficiency incentives resulting from the passage of
5 “The Comprehensive Energy Conservation, Efficiency and Affordability Act of 2006” is
6 a significant opportunity for customers to benefit from the utilities’ experience delivering
7 cost effective comprehensive efficiency services that offer customers the means to save
8 money, effectively manage their controllable energy costs and to increase comfort, health
9 and safety in their homes and businesses. It is critical that citizens of Rhode Island are
10 informed that these enhanced gas efficiency programs are available and that they have the
11 opportunity to benefit from participation. National Grid believes it is important to
12 develop and fund a comprehensive communication plan to ensure that Rhode Island
13 residents are aware of the new opportunities provided by the gas energy efficiency
14 programs.

15 This opportunity is informed by the history of success in creating value through
16 the electric energy efficiency programs currently offered by the Company. While
17 participating customers may be aware of the benefits of energy efficiency, the general
18 public may not be.

19 The Company expects to dedicate significant resources in the first two years of
20 program delivery to inform gas customers of their opportunities to save energy -- as much
21 as 20 to 30% in the case of inefficient gas heated homes and businesses. The Company
22 will hire a marketing firm to develop the details of the campaigns.
23

1 Important elements of the communication plan include:

2 • Public Relations activities (media events, press releases, presenting stories to local
3 newspapers, radio and TV, etc.) Public Relations can communicate the benefits
4 of energy efficiency, thereby raising the overall knowledge of energy efficiency
5 across the state. Creating a more heightened awareness and education can
6 positively affect behavior and practices for all customers, not just those who
7 participate, yielding optimal savings. The volatility and uncertainty of both
8 energy costs and energy supply open windows of opportunity, which can have
9 large impacts on energy efficiency. In addition, the message of climate change
10 and emissions reductions can be included to enhance the benefit that comes from
11 improved gas efficiency.

12

13 • Paid advertising potentially including some combination of radio, TV, print, and
14 billboards. Paid advertising has proven to work to increase awareness and
15 participation in National Grid's ENERGY STAR appliances programs. As a
16 result, the awareness of ENERGY STAR has increased from 46% in 2000 to 71%
17 in 2005 among Rhode Island consumers. At the same time, purchase of
18 ENERGY STAR Clothes Washers increased from 8% in 2000 to 39% in 2005.
19 Investments in paid advertising work to raise customer awareness and willingness
20 to participate in energy efficiency programs. For businesses, the introduction of
21 a direct response marketing piece has been successful in creating awareness

- 1 among business customers in addition to marketing pieces that the sales force uses
- 2 in their personal contacts with potential customers.