

February 5, 2007

**VIA HAND DELIVERY & ELECTRONIC MAIL**

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

**RE: Docket 3804 – Affordable Energy Plan**  
**Responses to Commission’s Data Requests – Set 1**

Dear Ms. Massaro:

Enclosed please find ten (10) copies of National Grid’s responses to the first set of data requests issued by the Commission on January 23, 2007, in the above-captioned proceeding.

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

Very truly yours,



Laura S. Olton

Enclosures

cc: Docket 3804 Service List  
Paul Roberti, Esq.  
Steve Scialabba, Division

Commission Data Request 1-1

Request:

Indicate separately the number of gas and electric customers who are considered very low income pursuant to R.I.G.L Section 42-141-2(f).

Response:

National Grid does not have information regarding customers' incomes and, therefore, cannot provide the number of gas and electric service customers who are considered very low income pursuant to R.I.G.L. §42-141-2(f). The Office of Energy Resources provides the Company with the names and account numbers of customers who are eligible for the low-income home energy assistance program ("LIHEAP"). This information serves as the basis for National Grid to apply federal LIHEAP grants against the customer's utility account and for receiving a matching grant on their gas bill. The information also is used to assign electric service customers to the Company's Residential Low Income Rate A-60.

Commission Data Request 1-2

Request:

Indicate separately the current cumulative unpaid balance for gas and electric customers who are considered very low income pursuant to R.I.G.L. Section 42-141-2(f).

Response:

The Company cannot separately identify those customers who are considered very low income pursuant to R.I.G.L. §42-141-2(f). (See the Company's response to Commission Data Request 1-1) However, the cumulative unpaid balance as of December 31, 2006 for gas service customers identified as LIHEAP eligible with arrearages over 30 days is \$4,028,189. The cumulative unpaid balance as of December 31, 2006 for electric service customers on the Residential Low Income Rate A-60 with arrearages over 30 days is \$5,382,408. This includes customers identified as LIHEAP eligible, and customers receiving Supplemental Security Income ("SSI"), Medicaid, Food Stamps, General Public Assistance or Family Independence Program assistance.

Commission Data Request 1-3

Request:

Utilizing the current unpaid balances provided in response 2 above, please indicate separately the cost for arrearage forgiveness assuming all gas and electric customers who are considered very low income pursuant to R.I.G.L. Section 42-141-2(f) participate in arrearage forgiveness plan and the arrearage forgiven is limited to the percentages and amounts pursuant to R.I.G.L. Section 39-2-1(e)(1).

Response:

Assuming that all of the customers with the associated cumulative current unpaid balances identified in the response to Commission Data Request 1-2 above were to participate in the arrearage forgiveness program, then pursuant to R.I.G.L. Section 39-2-1(e)(1), 25% of the amount of the unpaid balance would be paid by the customer and one half of the remaining balance would need to be paid over the next 36 months. The remaining amount would then be forgiven. The cost of the arrearage forgiveness program is determined as follows:

		Gas	Electric
Cumulative Unpaid Balances		\$4,028,189	\$5,382,408
	Times:	25%	25%
Customer Down-payment		\$1,007,047	\$1,345,602
Remaining Balance		\$3,021,042	\$4,036,806
	Times:	50%	50%
Customer Payments over 36 Months		\$1,510,571	\$2,018,403
Write-Off Balance		\$1,510,571	\$2,018,403

Prepared by or under the supervision of:  
Peter Czekanski

Commission Data Request 1-4

Request:

Assuming a very low income customer has an arrearage of \$1,000 and enters into an arrearage forgiveness program, please provide an illustrative example of the down payments, monthly payments and write-offs under:

- a. The rules for arrearage forgiveness as outlined in the Affordability Act of 2006.
- b. The enhanced forgiveness rules as proposed by National Grid.

Response:

Attachment 1, part 4 (a) to this response provides the calculation of the down payment, monthly payments and write-off balance under the rules for arrearage forgiveness as outlined in the Affordability Act of 2006 for a hypothetical very low income customer having an arrears balance of \$1000 upon entering the program.

Attachment 1, part 4 (b) provides the same calculation under the Company's proposed enhanced plan.

**4 (a) Example of Arrears Forgiveness for Hypothetical Customer Under Legislation**

1. Starting Balance	\$ 1,000.00
2. Downpayment (25%)	\$ 250.00
3. Remaining Balance	\$ 750.00
4. Monthly Payment	\$ 10.42

Maximum Arrears Forgiven for Successful Completion of Program:

5. Remaining Balance	\$ 750.00
6. Maximum Percentage Forgiven	50%
7. Total Amount Forgiven	\$ 375.00

Total Customer Contribution to Arrears:

8. Downpayment	\$ 250.00
9. Total Monthly Payments	\$ 375.12
10. Total Contribution	\$ 625.12
11. Total Customer Contribution and Forgiveness	\$ 1,000.12

Notes:

- Line (1) Customer's unpaid balance at enrollment
- Line (2) Required payment pursuant to R.I.G.L. Section 39-2-1(e)(i)
- Line (3) Line (1) - Line (2)
- Line (4) 1/36 times 1/2 of Line (3) as required in R.I.G.L. Section 39-2-1(e)(ii)
- Line (5) Line (3)
- Line (6) Maximum percentage allowed under standard legislation
- Line (7) Line (5) x Line (6)
- Line (8) Line (2)
- Line (9) Line (4) x 36
- Line (10) Line (8) + Line (9)
- Line (11) Line (7) + Line (10)

**4 (b) Example of Enhanced Arrears Forgiveness for Hypothetical Customer**

1. Starting Balance	\$ 1,000.00
2. Downpayment (25%)	\$ 250.00
3. Remaining Balance	\$ 750.00
4. Monthly Payment	\$ 10.42

Maximum Arrears Forgiven for Successful Completion of Program:

5. Remaining Balance	\$ 750.00
6. Maximum Percentage Forgiven	67%
7. Total Amount Forgiven	\$ 502.50

Total Customer Contribution to Arrears:

8. Downpayment	\$ 250.00
9. Total Monthly Payments	\$ 250.08
10. Total Contribution	\$ 500.08
11. Total Customer Contribution and Forgiveness	\$ 1,002.58

Notes:

- Line (1) Customer's unpaid balance at enrollment
- Line (2) Required payment pursuant to R.I.G.L. Section 39-2-1(e)(i)
- Line (3) Line (1) - Line (2)
- Line (4) 1/36 times 1/2 of Line (3) as required in R.I.G.L. Section 39-2-1(e)(ii)
- Line (5) Line (3)
- Line (6) Maximum percentage allowed under provisions of the enhance forgiveness program
- Line (7) Line (5) x Line (6)
- Line (8) Line (2)
- Line (9) Line (4) x 24
- Line (10) Line (8) + Line (9)
- Line (11) Line (7) + Line (10)

**4 (a) Schedule of Payments**

	Customer Payment	Arrears Forgiven	Balance
Beginning Balance			\$ 750.00
month 1	\$ 10.42		\$ 739.58
month 2	\$ 10.42		\$ 729.16
month 3	\$ 10.42		\$ 718.74
month 4	\$ 10.42		\$ 708.32
month 5	\$ 10.42		\$ 697.90
month 6	\$ 10.42		\$ 687.48
month 7	\$ 10.42		\$ 677.06
month 8	\$ 10.42		\$ 666.64
month 9	\$ 10.42		\$ 656.22
month 10	\$ 10.42		\$ 645.80
month 11	\$ 10.42		\$ 635.38
month 12	\$ 10.42		\$ 624.96
month 13	\$ 10.42		\$ 614.54
month 14	\$ 10.42		\$ 604.12
month 15	\$ 10.42		\$ 593.70
month 16	\$ 10.42		\$ 583.28
month 17	\$ 10.42		\$ 572.86
month 18	\$ 10.42		\$ 562.44
month 19	\$ 10.42		\$ 552.02
month 20	\$ 10.42		\$ 541.60
month 21	\$ 10.42		\$ 531.18
month 22	\$ 10.42		\$ 520.76
month 23	\$ 10.42		\$ 510.34
month 24	\$ 10.42		\$ 499.92
month 25	\$ 10.42		\$ 489.50
month 26	\$ 10.42		\$ 479.08
month 27	\$ 10.42		\$ 468.66
month 28	\$ 10.42		\$ 458.24
month 29	\$ 10.42		\$ 447.82
month 30	\$ 10.42		\$ 437.40
month 31	\$ 10.42		\$ 426.98
month 32	\$ 10.42		\$ 416.56
month 33	\$ 10.42		\$ 406.14
month 34	\$ 10.42		\$ 395.72
month 35	\$ 10.42		\$ 385.30
month 36	\$ 10.42		\$ 374.88
Balance Forgiven		\$ 374.88	\$ -
Total	\$ 375.12	\$ 374.88	
% Paid	50%	50%	

**4 (b) Schedule of Payments**

	Customer Payment	Arrears Forgiven	Balance
Beginning Balance			\$ 750.00
month 1	\$ 10.42		\$ 739.58
month 2	\$ 10.42		\$ 729.16
month 3	\$ 10.42		\$ 718.74
month 4	\$ 10.42		\$ 708.32
month 5	\$ 10.42		\$ 697.90
month 6	\$ 10.42		\$ 687.48
First Review Forgiveness		\$ 125.63	\$ 561.86
month 7	\$ 10.42		\$ 551.44
month 8	\$ 10.42		\$ 541.02
month 9	\$ 10.42		\$ 530.60
month 10	\$ 10.42		\$ 520.18
month 11	\$ 10.42		\$ 509.76
month 12	\$ 10.42		\$ 499.34
Second Review Forgiveness		\$ 125.63	\$ 373.71
month 13	\$ 10.42		\$ 363.29
month 14	\$ 10.42		\$ 352.87
month 15	\$ 10.42		\$ 342.45
month 16	\$ 10.42		\$ 332.03
month 17	\$ 10.42		\$ 321.61
month 18	\$ 10.42		\$ 311.19
Third Review Forgiveness		\$ 125.63	\$ 185.57
month 19	\$ 10.42		\$ 175.15
month 20	\$ 10.42		\$ 164.73
month 21	\$ 10.42		\$ 154.31
month 22	\$ 10.42		\$ 143.89
month 23	\$ 10.42		\$ 133.47
month 24	\$ 10.42		\$ 123.05
Final Balance Forgiven		\$ 123.05	\$ -
Total	\$ 250.08	\$ 499.92	
% Paid	33%	67%	

Commission Data Request 1-5

Request:

The Affordability Act of 2006 indicates that funds allocated by the OER from the Affordable Energy Fund may be used to provide up to a 50% reduction in the distribution and customer charges for a **reasonable and prudent use** by very low income households of gas and electricity **that does not exceed average use for comparable dwelling units**. Please explain why the company's proposed plan does nothing to address "reasonable and prudent use that does not exceed average use for comparable dwelling units."

Response:

The Company's existing Residential Low Income Rate A-60, applicable to electric service customers, is designed to provide a discount of approximately 50% from the distribution charges of the regular Residential Rate A-16. Rate A-60 consists of a customer charge of \$0.0 and kWh charges applicable to two usage blocks (three blocks during the months of November through February). The kWh charge applicable to the tail block usage, kWhs in excess of the first 450 kWhs consumed per month, is priced higher than the initial block in order to encourage more efficient use of electricity. The Company chose 450 kWh as the initial block usage because it represents the "typical" usage for a customer in this rate class. This cap serves to address "reasonable and prudent use that does not exceed average use for comparable dwelling units."

The proposal for a residential gas service discount rate does not include a comparable structure because of the high variability of the monthly average consumption by residential heating customers. The average use ranges from a low of 29 therms in August to a high of 178 therms in February assuming "normal" weather. Those averages can be much higher in a colder than normal winter or could be much lower in a warmer than normal winter. Hence, establishing a threshold level of use after which the discount no longer applied would reduce the benefit to the low income customer under colder than normal weather, even though their usage pattern was comparable to other residential customers, and it would do that at a time when they need the benefit the most.

In developing its proposal, the Company looked at the overall pattern of the usage by LIHEAP eligible customers relative to residential gas usage in general. This analysis demonstrated that usage by LIHEAP eligible customers did not exceed average use for comparable residential accounts.



Commission Data Request 1-6

Request:

Please update Schedule 1 (Range of Costs for the Low Income Rate for Gas Delivery Service). The update should add a column that provides a range of costs assuming the discount rate is offered only to very low income customers as defined by the 2006 Act.

Response:

National Grid does not have information regarding customers' incomes and, therefore, cannot identify the number of gas and electric service customers who are considered very low income pursuant to R.I.G.L. §42-141-2(f). (See also the Company's response to Commission Data Request 1-1).

Commission Data Request 1-7

Request:

For the 12 months ended December 2006, with regard to electricity, please provide the following information if it is available:

- a. Amount of LIHEAP funds used to offset the bills of residential customers.
- b. The number of customers receiving LIHEAP assistance.
- c. Amount of Good Neighbor Energy Fund Money used to offset the bills of residential customers.
- d. The total amount of the subsidy to customers under the Discounting A-60 rate.
- e. The amount of funds from the \$2,000,000 dedicated to low income customers per Order 18510 in Docket 3710 used to offset the bills of low income customers.
- f. The amount of funds utilized to aid low income customers through the company's Demand Side Management Programs.
- g. The amount of total net write-offs.
- h. If available, the amount of total net write-offs for the residential class broken down by A-60 vs. non A-60 residential customers.
- i. The amounts of any other programs, discounts, assistance that were utilized to aid low income customers.

Note: If the company is unable to provide information for the 12 month period ended December 2006, the company may provide data from the most recent 12 month period available.

Response:

The following responses are based on the 12-month period ended December 2006, except where indicated otherwise:

- a. LIHEAP funds used to offset the electric service bills of residential customers totaled \$624,545 for the 12-months ended November 30, 2006.
- b. The Company does not track the number of electric service customers receiving LIHEAP assistance, but the cumulative monthly number of payments applied to individual accounts was 1,955 for the 12-months ended November 30, 2006. This is greater than the number of customers because some customers received LIHEAP payments in more than one month.

Commission Data Request 1-7 (continued)

- c. There were 6043 customers who received \$187,147 from the Good Neighbor Energy Fund for the 12-months ended November 30, 2006.
- d. The total amount of the subsidy provided to customers receiving service under Residential Low Income Rate A-60 was \$6,310,697 (includes \$2,000,869 identified in item e. below).
- e. For the period January 1, 2006 through December 31, 2006, \$2,000,869 was used to offset the bills of customers receiving service on Residential Low Income Rate A-60 per Commission Order No. 18510 in Docket 3710.
- f. For calendar year 2005, the Company spent \$2,946,384 for low income customers through its energy efficiency programs. Final numbers for calendar year 2006 are not yet available.
- g. The total net write-offs for residential and commercial accounts was \$10,386,000.
- h. Net write-offs for Rate A-16 were approximately \$7.5 million and net write-offs for Rate A-60 were approximately \$1.8 million.
- i. There are no other programs, discounts, assistance that were utilized to aid low income customers.

Commission Data Request 1-8

Request:

For the 12 months ended December 2006, with regard to natural gas, please provide the following information if it is available:

- a. Amount of LIHEAP funds used to offset the bills of residential customers.
- b. The number of customers receiving LIHEAP assistance.
- c. Amount of Good Neighbor Energy Fund Money used to offset the bills of residential customers.
- d. The amount of total net write-offs.
- e. If available, the amount of total net write-offs for the residential class broken down by low income/protected vs. Non-low income/non-protected residential customers.
- f. The amount of any other programs, discounts, assistance that were utilized to aid low income customers.

Note: If the Company is unable to provide information for the 12-month period ended December 2006, the company may provide data from the most recent 12-month period available.

Response:

The following responses are based on the 12-month period ended November 2006 and cover the 2005-2006 LIHEAP heating year.

- a. LIHEAP funds used to offset the bills of residential customers totaled \$6,926,765 for the 12 months ended November 30, 2006.
- b. There were 17,046 LIHEAP grants applied to customer accounts.
- c. Good Neighbor Energy Fund Money totaling \$186,381 was used to offset the bills of residential customers.
- d. The amount of total net write-offs was \$6,066,041.
- e. The Company does not track write-offs by rate class or delinquency code.
- f. Additional funds utilized to aid low income customers included \$2,521,064 of LIHEAP matching funds from the Company's Low Income Assistance

Commission Data Request 1-8 (continued)

program and \$1,675,176 from sources such as the community action agencies, Urban League, United Way, St. Vincent De Paul, etc.

## Certificate of Service

I certify that a copy of the cover letter and materials accompanying this certificate were mailed or hand-delivered to the individuals listed below.



Date: February 5, 2007

**Joanne M. Scanlon**  
National Grid

**Docket 3804 – National Grid – Affordable Energy Plan  
Service List as of 1/10/07**

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