

October 26, 2007

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: Docket 3868 – Annual Gas Cost Recovery 2007
Responses to Commission Data Requests – Set 1

Dear Ms. Massaro:

Enclosed please find ten (10) copies of National Grid's responses to the Commission Data Request 1-3 and 1-8. This concludes the Company's responses to the Commission's first set of data requests in this proceeding.

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

Very truly yours,



Laura S. Olton

Enclosures

cc: Docket 3868 Service List

Commission Data Request 1-3

Request:

Regarding the new pipeline capacity on Tennessee Pipeline’s Connexion project at November 1, 2007:

- a. Please describe the location of the pipeline path.
- b. What are the daily and monthly capacity volumes available?
- c. What are the monthly and annual costs for this pipeline capacity?

Response:

- a. The supply path begins in Hidalgo County, South Texas at the furthest Southern extent of the Tennessee Pipeline system. The path is designed to deliver to the Lincoln, RI and Smithfield, RI gate stations with each having 50% of the new supply.
- b. The contract maximum daily quantity is 11,600 Dth/day or 348,000 Dth in a 30 day month.
- c. The negotiated monthly demand charge for the Tennessee capacity is \$22.737 per Dth per month with an annual fixed cost of \$ 3.2 million. There is no volumetric charge when this capacity is used and the pipeline fuel loss factor is the same as for our existing Tennessee Zone 0 (South Texas) capacity. Based on gas prices over the last few years the 100% load factor cost of this capacity is below that of several of the pipeline paths in the portfolio. Using the same assumptions as in the GCR, the estimated commodity cost including the Connexion project showed a savings of \$2.2 million. That study will be provided in the Long Range Plan filing.

Commission Data Request 1-8

Request:

At GLB-2, page 10/18, this schedule shows that the pipeline volumes not locked (15.3 million Dth) for the GCR period represents 56% of the total pipeline volumes. In the 2006 GCR filing, only 8 million Dth, or 33%, of the total pipeline volumes were not locked at the time of the Company’s GCR filing. Explain why significantly more volumes were locked at September 1, 2006 compared to September 1, 2007.

Response:

The direct comparison of locked volumes can best be seen in Schedule GLB-4. That schedule shows that 18,270,800 Dth were locked in the 2006 filing through July 31st and that 17,587,500 Dth were locked in the 2007 filing, but through June 30th.

Because the GCR filing is prepared in advance of September 1st each year, the Company has traditionally used the locks as of July 31st as input to the filing. Any locks done in August tend to be close to the NYMEX strip used in the filing and the impact in the past of using the locks as of the 1st of August have been quite small. As Schedule GLB-4 shows, the 2006 GCR filing used locks through July 31st.

Starting July 1, 2007, the Company switched from locking prices using physical purchases to purchasing NYMEX gas futures contracts. Because the financial contracts executed in July had only a small impact on projected gas expense, they were excluded in the calculation of GCR year gas costs. In order to compare the status of the total locked prices between the years it is necessary to add in the July financial contracts for 950,000 Dth to the 17,587,500 Dth. This results in a total of 18,537,500 Dth which equates to 63.3%. The percentage of pipeline volumes locked as of July 31, 2006 was 61.4%.

Also, the original GLB-2 page 10 contains an error. The formula for totals on GLB-2 page 10 does not include the locked volumes that are scheduled to be delivered through the new Tennessee Connexion capacity. They were improperly shown in the not locked volumes. A revised GLB-2 page 10 is attached. The error only affects the volumes. The dollar amounts shown for total purchases are correct. In addition, storage injections are treated differently in the volume calculation in 2007 versus 2006, making a direct comparison problematic.

	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	GCR Total
NIAGARA TO TENNESSEE													
Delivered Mmbtu	29,625	30,613	30,613	28,638	30,613	0	0	0	0	0	0	0	0
Locked Volumes	29,625	30,613	30,613	28,638	30,613	0	0	0	0	0	0	0	0
NYMEX Volumes	0	0	0	0	0	0	0	0	0	0	0	0	0
Locked \$/Mmbtu	\$9.5639	\$10.4461	\$10.6519	\$10.3485	\$9.9505	\$8.0933	\$7.9247	\$8.1893	\$8.2915	\$8.2362	\$8.4167	\$8.5275	
NYMEX \$/Mmbtu Del	\$8.4137	\$9.2410	\$9.6240	\$9.6904	\$9.4913	\$8.9801	\$9.2247	\$9.1839	\$9.4692	\$9.3775	\$9.5711	\$9.7749	
Deliverd Cost Locked	\$283,330	\$319,788	\$326,085	\$296,361	\$304,614	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Delivered Cost Nymex	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Delivered Cost	\$283,330	\$319,788	\$326,085	\$296,361	\$304,614	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

TETCO TO B&W													
Delivered Mmbtu	0	8,288	19,270	12,018	7,828	0	0	0	0	0	0	0	0
Locked Volumes	0	0	0	0	0	0	0	0	0	0	0	0	0
NYMEX Volumes	0	8,288	19,270	12,018	7,828	0	0	0	0	0	0	0	0
Delivered locked \$/Mmbtu	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NYMEX \$/Mmbtu Del	\$8.2451	\$9.3250	\$9.7408	\$9.8129	\$9.5966	\$8.8680	\$9.1280	\$9.0847	\$9.3880	\$9.2905	\$9.4963	\$9.7130	
Deliverd Cost Locked	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Delivered Cost Nymex	\$0	\$77,285	\$187,705	\$117,931	\$75,122	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Delivered Cost	\$0	\$77,285	\$187,705	\$117,931	\$75,122	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

DISTRIGAS FCS													
Delivered Mmbtu	0	191,292	179,474	190,038	104,159	0	236,096	0	0	0	12,845	236,096	
Locked Volumes	0	0	0	0	0	0	0	0	0	0	0	0	0
NYMEX Volumes	0	191,292	179,474	190,038	104,159	0	0	0	0	0	0	0	0
Locked \$/Mmbtu	\$9.5639	\$10.4461	\$10.6519	\$10.3485	\$9.9505	\$8.0933							
NYMEX \$/Mmbtu Del	\$7.085	\$7.895	\$8.270	\$8.335	\$8.140	\$7.660	\$7.900	\$7.860	\$8.140	\$8.050	\$8.240	\$8.440	
Deliverd Cost Locked	\$0	\$0	\$0	\$0	\$0	\$0							
Delivered Cost Nymex	\$0	\$1,510,250	\$1,484,250	\$1,583,967	\$847,854	\$0							
Total Delivered Cost	\$0	\$1,510,250	\$1,484,250	\$1,583,967	\$847,854	\$0	\$1,865,158	\$0	\$0	\$0	\$105,843	\$1,992,650	

HUBLINE													
Total Delivered Vol	0	27,521	55,889	13,685	0	223,907	83,485	0	0	0	0	244,838	
Delivered \$/Mmbtu	\$8.4526	\$9.3346	\$9.7149	\$9.7808	\$9.5830	\$8.2204	\$8.4620	\$8.4218	\$8.7036	\$8.6130	\$8.8043	\$9.0056	
Total Delivered Cost	\$0	\$256,899	\$542,953	\$133,850	\$0	\$1,840,616	\$706,454	\$0	\$0	\$0	\$0	\$2,204,920	

	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	
Total Pipeline Costs Incl Inj	\$24,250,157	\$34,264,925	\$37,798,827	\$31,151,472	\$28,569,094	\$23,132,803	\$12,795,832	\$10,137,850	\$9,760,876	\$9,953,539	\$10,647,483	\$16,810,841	\$249,273,698
Total Pipeline Volumes	2,682,867	3,502,539	3,736,582	3,133,124	2,940,849	2,854,266	1,613,209	1,268,195	1,179,605	1,217,588	1,265,401	1,944,853	27,339,078
WACOG	\$9,039	\$9,783	\$10,116	\$9,943	\$9,715	\$8,105	\$7,932	\$7,994	\$8,275	\$8,175	\$8,414	\$8,644	\$9,118
Total Delivered Locked vols	1,937,791	2,459,701	2,730,102	2,255,714	2,233,548	1,043,834	863,439	599,072	521,310	478,293	541,624	576,952	16,241,378
Delivered Locked \$/Dth	\$9.5677	\$10.3319	\$10.5524	\$10.3385	\$10.0310	\$8.0554	\$7.8571	\$7.9917	\$8.2745	\$8.1666	\$8.4467	\$8.2933	
Locked Delivered Cost	\$18,540,148	\$25,413,392	\$28,809,093	\$23,320,671	\$22,404,736	\$8,408,513	\$6,784,127	\$4,787,611	\$4,313,562	\$3,906,025	\$4,574,947	\$4,784,857	

Volumes not locked	745,076	1,042,838	1,006,480	877,410	707,301	1,810,432	749,770	669,123	658,295	739,295	723,777	1,367,901	11,097,700
Cost of unlocked volumes	\$5,710,008	\$8,851,532	\$8,989,735	\$7,830,801	\$6,164,358	\$14,724,290	\$6,011,704	\$5,350,239	\$5,447,314	\$6,047,515	\$6,072,536	\$12,025,984	\$93,226,016
	\$7.6637	\$8.4879	\$8.9319	\$8.9249	\$8.7153	\$8.1330	\$8.0181	\$7.9959	\$8.2749	\$8.1801	\$8.3901	\$8.7916	\$8.400

Injections	0	0	0	0	0	802,570	452,114	491,566	491,566	515,780	478,409	439,767	
WACOG	\$9.04	\$9.78	\$10.12	\$9.94	\$9.71	\$8.10	\$7.93	\$7.99	\$8.27	\$8.17	\$8.41	\$8.64	
Cost of Injections	\$0	\$0	\$0	\$0	\$0	\$6,504,542	\$3,586,128	\$3,929,540	\$4,067,561	\$4,216,399	\$4,025,484	\$3,801,240	\$30,130,894

Less injections													
Total Pipeline Costs	\$24,250,157	\$34,264,925	\$37,798,827	\$31,151,472	\$28,569,094	\$16,628,261	\$9,209,703	\$6,208,310	\$5,693,315	\$5,737,141	\$6,621,999	\$13,009,601	\$219,142,805
Total Pipeline Volumes	2,682,867	3,502,539	3,736,582	3,133,124	2,940,849	2,051,696	1,161,095	776,629	688,039	701,808	786,992	1,505,086	23,667,306

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate were electronically transmitted to the individuals listed below on October 26, 2007.



Joanne M. Scanlon
National Grid

Docket No. 3868 – National Grid – Annual Gas Cost Recovery Filing ("GCR") - Service List as of 9/12/07

Name/Address	E-mail	Phone/FAX
Laura Olton, Esq. National Grid 280 Melrose St. Providence, RI 02907	Laura.olton@us.ngrid.com	401-784-7667
	Peter.Czekanski@us.ngrid.com	401-784-4321
	Joanne.scanlon@us.ngrid.com	
Paul Roberti, Esq. Dept. of Attorney General 150 South Main St. Providence RI 02903	Proberti@riag.ri.gov	401-222-2424
	Sscialabba@ripuc.state.ri.us	401-222-3016
	RDIMeglio@riag.ri.gov	
Bruce Oliver Revilo Hill Associates 7103 Laketree Drive Fairfax Station, VA 22039	Boliver.rha@verizon.net	703-569-6480
David Efron Berkshire Consulting 12 Pond Path North Hampton, NH 03862-2243	Djeffron@aol.com	603-964-6526
File an original & nine (9) copies w/: Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick RI 02888	Lmassaro@puc.state.ri.us	401-780-2107
	PatriciaL@gw.doa.state.ri.us	401-941-1691
	Tmassaro@puc.state.ri.us	
John Farley, TEC-RI	jfarley316@hotmail.com	401-621-2240