

October 22, 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's first set of data requests issued in the above-captioned proceeding on October 4, 2007.

This filing includes responses to Commission Data Requests 1-1, 1-2, 1-4 through 1-7, and 1-9 through 1-14. The remaining two responses (1-3 and 1-8) will be forthcoming.

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 1-1

Request:

Provide supporting data for the Company’s use of 922 therms as the typical annual use level for a residential heating customer. [The Company has used 1,035 therms in recent years.]

Response:

The Company’s use of 922 therms for the average annual use level of a residential heating customer is based on the sum of the monthly average use per customer reflected in the November 2007 through October 2008 forecast. The calculation is as follows:

	Residential Heating Customers	Therms	Average Therms per Customer
Nov-07	191,363	11,849,258	62
Dec-07	192,563	21,263,085	110
Jan-08	193,213	29,509,899	153
Feb-08	193,413	29,751,442	154
Mar-08	193,551	27,064,037	140
Apr-08	192,602	21,224,749	110
May-08	191,053	11,934,220	62
Jun-08	189,850	6,086,895	32
Jul-08	189,020	4,647,746	25
Aug-08	188,522	3,841,200	20
Sep-08	189,031	4,458,130	24
Oct-08	190,469	5,676,329	30
Annual			922

The Company’s previous use of 1,035 therms per year was based on the typical use for a residential heating customer as calculated at the time of the Company’s last rate case. In GCR Docket 3766 Order # 18879, the Commission encouraged the Company to use an updated mean calculation of usage with its billing impact analysis, and hence this year’s bill impact analysis uses 922 therms based on the calculation shown above.

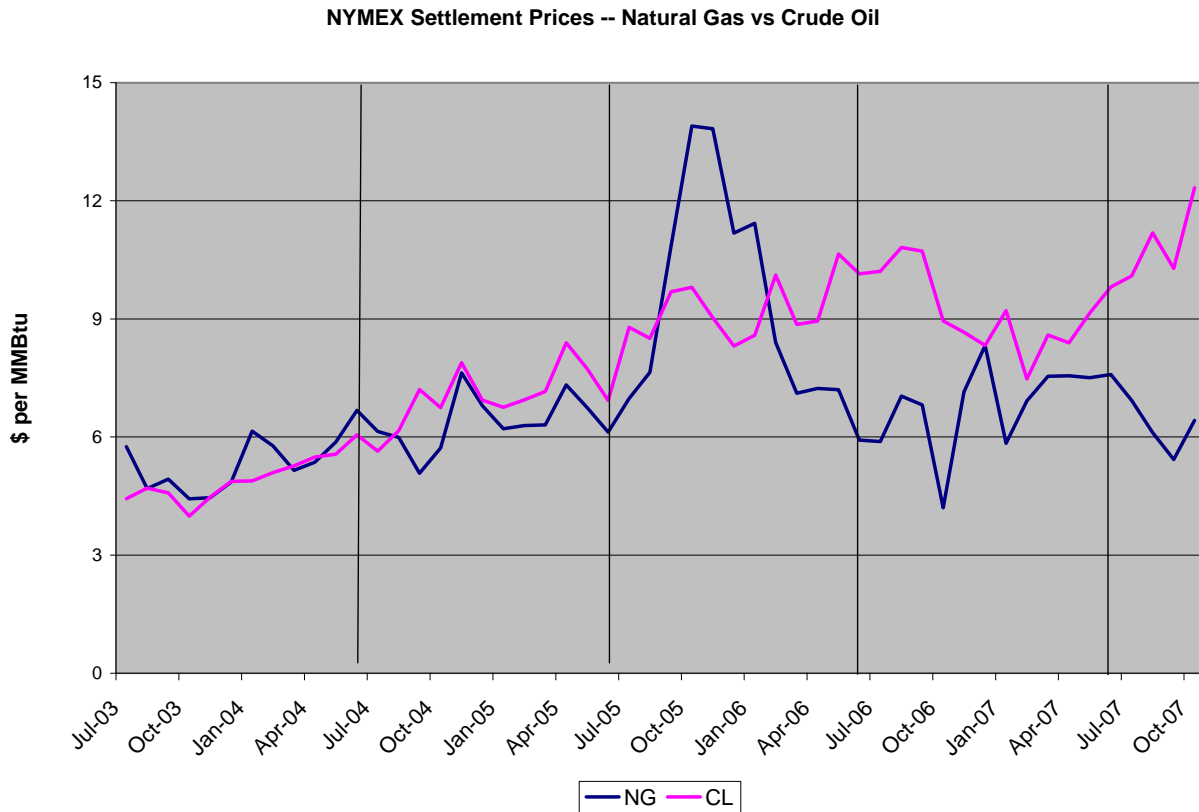
Commission Data Request 1-2

Request:

What are the reasons for the increase in non-firm margins from \$3.5 million in fiscal year 2006 to \$5.9 million in fiscal year 2007?

Response:

The primary reason for the increase in non-firm margins in fiscal year 2007 has been the widening gap between the price of natural gas and oil. Under the terms of the non-firm tariff, the charges paid by non-firm customers are generally based on a discount off the price of oil, so the higher the price of oil is relative to natural gas, the higher the non-firm margin. The relationship of natural gas and oil prices over the past several years is illustrated on the following chart which graphs the NYMEX settlement prices for natural gas and light sweet crude.



Commission Data Request 1-4

Request:

Provide a summary of the fixed gas costs that will be used as the ‘Fixed Gas Cost Benchmark’ for determining any Asset Management Incentive for the period July 1, 2007 through June 30, 2008.

Response:

See the attached schedule.

12 Months Fixed Costs Benchmark

July 2007 - June 2008

	July 07	Aug 07	Sep 07	Oct 07	Nov 07	Dec 07	Jan 08	Feb 08	Mar 08	Apr 08	May 08	Jun 08
Transportation Fixed (b)	2,875,534	2,878,991	2,877,620	2,875,849	2,877,917	2,853,470	2,847,198	2,846,090	2,847,198	2,847,198	2,846,090	2,847,198
Supplier Fixed	\$302,000	\$302,000	\$302,000	\$302,000	\$302,000	\$302,000	\$302,000	\$302,000	\$302,000	\$302,000	\$302,000	\$302,000
Storage Fixed	\$385,782	\$385,835	\$385,835	\$385,835	\$385,835	\$385,835	\$385,835	\$385,835	\$385,835	\$385,835	\$385,835	\$385,835
Total Fixed	\$3,563,316	\$3,566,826	\$3,565,455	\$3,563,684	\$3,565,752	\$3,541,304	\$3,535,033	\$3,533,925	\$3,535,033	\$3,535,033	\$3,533,925	\$3,535,033
Net Eligible Costs	\$3,563,316	\$3,566,826	\$3,565,455	\$3,563,684	\$3,565,752	\$3,541,304	\$3,535,033	\$3,533,925	\$3,535,033	\$3,535,033	\$3,533,925	\$3,535,033
Marketer Releases	\$232,152	\$232,152	\$232,152	\$232,152	\$232,152	\$232,152	\$232,152	\$232,152	\$232,152	\$232,152	\$232,152	\$232,152
Net Fixed Costs	\$3,331,164	\$3,334,674	\$3,333,303	\$3,331,532	\$3,333,600	\$3,309,153	\$3,302,881	\$3,301,773	\$3,302,881	\$3,302,881	\$3,301,773	\$3,302,881

(a) Marketer releases are not included in the calculation of the asset management incentive under the "Gas purchasing Incentive Program". They may vary based on the changes in the assignment percentage, path selections and migration to or from transportation.

(b) Transportation Fixed costs are net of Capacity release credits

Commission Data Request 1-5

Request:

Regarding the gas the Company had in underground storage at April 1, 2007:

- a. What was the volume in storage at that time?
- b. Based on the total storage volume at the beginning of the winter period (November 1, 2006), what percentage of underground storage remained in inventory at the end of the winter (April 1, 2007)?

Response:

- a. The volume in storage on April 1, 2007 was 1,626,722 Dth.
- b. The ending inventory was 36% of the beginning inventory.

Commission Data Request 1-6

Request:

Provide a calculation of the monthly average commodity cost of gas delivered to the Company’s city gate for each month from October 2006 through September 2007.

Response:

Please refer to the attached schedule.

Commodity Month	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	TOTAL
Gated Volume	1,432,835	2,114,604	3,394,017	4,344,530	4,766,098	3,730,437	2,500,920	1,060,312	751,468	718,651	716,512	752,032	26,282,416
Gated Cost	\$12,532,937	\$19,356,116	\$29,631,744	\$35,161,990	\$37,575,932	\$33,128,982	\$21,070,358	\$9,029,357	\$6,926,391	\$6,139,650	\$6,121,123	\$6,574,108	\$223,248,690
Average	\$8.747	\$9.154	\$8.731	\$8.093	\$7.884	\$8.881	\$8.425	\$8.516	\$9.217	\$8.543	\$8.543	\$8.742	\$8.494
Underground Storage Volume (wd)	1,049	111,589	408,450	933,014	1,119,974	452,842	387	39,529	503	15,911	5,242	2,490	3,090,980
Storage Cost	\$7,596	\$811,718	\$2,976,582	\$6,813,334	\$8,178,613	\$3,306,880	\$2,891	\$301,030	\$3,889	\$123,651	\$40,807	\$19,426	\$22,586,417
Average	\$7.242	\$7.274	\$7.288	\$7.302	\$7.303	\$7.303	\$7.470	\$7.615	\$7.732	\$7.771	\$7.785	\$7.802	\$7.307
Total Volume	1,433,884	2,226,193	3,802,467	5,277,544	5,886,072	4,183,279	2,501,307	1,099,841	751,971	734,562	721,754	754,522	29,373,396
Total Cost	\$12,540,533	\$20,167,834	\$32,608,326	\$41,975,324	\$45,754,545	\$36,435,861	\$21,073,249	\$9,330,388	\$6,930,281	\$6,263,302	\$6,161,930	\$6,593,534	\$245,835,107
Average	\$8.746	\$9.059	\$8.576	\$7.954	\$7.773	\$8.710	\$8.425	\$8.483	\$9.216	\$8.527	\$8.537	\$8.739	\$8.369
Includes pipeline commodity costs and fuel losses													
LNG (produced)													
Storage Volume	18,395	17,378	24,577	232,246	329,180	214,127	26,584	23,776	25,703	19,422	22,043	18,438	971,869
Storage Cost	\$158,063	\$149,150	\$211,121	\$1,965,881	\$2,785,364	\$1,819,450	\$226,301	\$201,927	\$216,253	\$162,217	\$180,822	\$152,865	\$8,229,414
Average	\$8.593	\$8.583	\$8.590	\$8.465	\$8.462	\$8.497	\$8.513	\$8.493	\$8.414	\$8.352	\$8.203	\$8.291	\$8.468

Commission Data Request 1-7

Request:

Explain why the weighted average upstream pipeline transportation cost decreased approximately 30% from last year's cost of \$1.257 per Dth to \$0.879 per Dth.

Response:

In order to answer this question, the Company ran a series of simple simulations. The Company started with the spreadsheet model developed to calculate the 2007/2008 path pricing for this filing that is shown in Schedule GLB -5. The Company then systematically changed key assumptions to those used with last year's filing to determine their impact on the weighted average pipeline transportation cost.

First, we changed the 12-month NYMEX strip of prices. There was a large drop in the 2007/2008 strip from that used in the 2006/2007 filing which resulted in a significant decrease in the cost of retained pipeline compressor fuel. Based on this analysis, the drop in the fuel portion of the upstream pipeline transportation cost accounts for \$0.119 / Dth of the \$0.378 difference.

Second, there was a major drop in the Texas Eastern fuel retainage which, when changed, explained an additional \$0.037 of the decline.

Third, there were also significant changes in the location basis differentials to Henry Hub (basis) at several major supply points. Inputting the bases from the 2006 filing at various supply points resulted in another difference of \$0.030 / Dth.

The remaining difference could be explained in some detail but would require a major modeling effort. The largest piece of savings would accrue to portfolio changes, particularly the addition of the new Connexion project capacity on Tennessee Pipeline. This project significantly reduces commodity costs but has only a small effect on the average demand cost. Its major impact on demand is the increase in the assignment percentage to 119.9% of the average winter day from last year's 114%. This shifts some of the demand cost burden to transportation customers, which is offset by the drop in commodity cost.

Among the other year over year changes that could help explain this drop are the change in the demand forecast, other changes to pricing assumptions that would have a favorable impact and a number of smaller portfolio changes such as the new supply approach in Canada and the drop in supplier fixed cost from the termination of the BP contract.

Response Commission Data Request 1-7: (continued)

Summary:

2006 GCR	\$1.257
2007 GCR	.879
Difference	.378
Explanation:	
NYMEX	.119
Fuel Retainage	.037
Basis Differentials	.030
Portfolio, Demand and Other Changes	.182

Commission Data Request 1-9

Request:

How many transportation customers currently subscribe to Pool Balancing Service?

Response:

There are currently no transportation customers or marketers subscribing to Pool Balancing Service.

Commission Data Request 1-10

Request:

Provide the reasons why the filing has decreased the projected sales volumes by approximately 2 % from the level in last year’s GCR filing.

Response:

There are a number of reasons why this year’s projected sales volumes are less than the projected sales volumes in last year’s GCR filing. The residential rate class, which represents more than 65% of the projected sales volumes, has an underlying assumption in this year’s forecast, that the net customer count will be flat in comparison to last year’s actual level and that the average use per customer will decline due to conservation by customers. This differs from last year’s forecast which assumed increased numbers of customers and did not incorporate any reduction in average use per customer. For the Commercial and Industrial accounts, a key factor for a net reduction in projected sales volumes is the migration of customers from sales service to transportation service. Comparing the level of FT-2 transportation volumes in this year’s forecast to last year’s forecast shows an increase of almost 20%.

Commission Data Request 1-11

Request:

What is the approximate volume of gas that the Company will have in underground storage at November 1, 2007?

Response:

The Company will have approximately 4,500,000 Dth in storage on November 1, 2007.

Commission Data Request 1-12

Request:

The 15-year supply contract with BP expired at September 30, 2007. Has the Company replaced or extended this contract?

Response:

The Company has not replaced or extended the BP contract. The Company has a diverse mix of suppliers providing supply for the upcoming winter. As part of the expanded National Grid organization, the Rhode Island service area will have unprecedented access to an expanded group of suppliers.

Commission Data Request 1-13

Request:

For the GCR period of November 2006 through October 2007, provide the summary monthly results of the Gas Purchasing Program in relation to market pricing (i.e. NYMEX closing price compared to the weighted average cost of locked NYMEX prices for the same month). The results can be provided in the same format as the Company has previously filed this information.

Response:

See the attached schedule.

**National Grid - Rhode Island
Gas Procurement Incentive Program
April 2001 - October 2007
Price Comparison Without GPIP**

	<u>Volumes</u>	<u>Price</u>	<u>Cost</u>	<u>Savings (Loss)</u>
Locked price - April 2001	831,330	\$5.402	\$4,490,520.00	
NYMEX 3/28/01	831,330	\$5.384	\$4,475,880.72	
Savings (loss) due to purchasing plan =				(\$14,639.28)
Locked price - May 2001	687,053	\$5.190	\$3,565,670.00	
NYMEX 4/26/01	687,053	\$4.891	\$3,360,376.22	
Savings (loss) due to purchasing plan =				(\$205,293.78)
Locked price - June 2001	698,700	\$4.641	\$3,242,657.00	
NYMEX 5/29/01	698,700	\$3.738	\$2,611,740.60	
Savings (loss) due to purchasing plan =				(\$630,916.40)
Locked price - July 2001	824,900	\$3.975	\$3,278,836.00	
NYMEX 6/27/01	824,900	\$3.182	\$2,624,831.80	
Savings (loss) due to purchasing plan =				(\$654,004.20)
Locked price - August 2001	812,882	\$4.023	\$3,270,431.00	
NYMEX 7/27/01	812,882	\$3.167	\$2,574,397.29	
Savings (loss) due to purchasing plan =				(\$696,033.71)
Locked price - September 2001	1,093,920	\$3.854	\$4,215,580.00	
NYMEX 8/29/01	1,093,920	\$2.295	\$2,510,546.40	
Savings (loss) due to purchasing plan =				(\$1,705,033.60)
Locked price - October 2001	1,391,435	\$3.693	\$5,138,061.00	
NYMEX 9/26/01	1,391,435	\$1.830	\$2,546,326.05	
Savings (loss) due to purchasing plan =				(\$2,591,734.95)
Locked price - November 2001	1,737,000	\$3.651	\$6,342,555.00	
NYMEX 10/29/01	1,737,000	\$3.202	\$5,561,874.00	
Savings (loss) due to purchasing plan =				(\$780,681.00)
Locked price - December 2001	2,143,991	\$3.795	\$8,135,457.00	
NYMEX 11/28/01	2,143,991	\$2.316	\$4,965,483.16	
Savings (loss) due to purchasing plan =				(\$3,169,973.84)
Locked price - January 2002	2,080,906	\$3.792	\$7,889,912.00	
NYMEX 12/27/01	2,080,906	\$2.555	\$5,316,714.83	
Savings (loss) due to purchasing plan =				(\$2,573,197.17)
Locked price - February 2002	1,926,792	\$3.523	\$6,788,141.00	
NYMEX 1/29/02	1,926,792	\$2.006	\$3,865,144.75	
Savings (loss) due to purchasing plan =				(\$2,922,996.25)
Locked price - March 2002	2,032,298	\$3.269	\$6,644,477.00	
NYMEX 2/26/02	2,032,298	\$2.388	\$4,853,127.62	
Savings (loss) due to purchasing plan =				(\$1,791,349.38)
Locked price - April 2002	1,446,900	\$3.276	\$4,739,394.00	
NYMEX 3/26/02	1,446,900	\$3.472	\$5,023,636.80	
Savings (loss) due to purchasing plan =				\$284,242.80
Locked price - May 2002	1,089,340	\$3.269	\$3,561,294.00	
NYMEX 4/26/02	1,089,340	\$3.319	\$3,615,519.46	
Savings (loss) due to purchasing plan =				\$54,225.46
Locked price - June 2002	780,000	\$3.266	\$2,547,705.00	
NYMEX 5/29/02	780,000	\$3.420	\$2,667,600.00	
Savings (loss) due to purchasing plan =				\$119,895.00
Locked price - July 2002	825,158	\$3.420	\$2,822,424.00	
NYMEX 6/26/02	825,158	\$3.278	\$2,704,867.92	
Savings (loss) due to purchasing plan =				(\$117,556.08)

**National Grid - Rhode Island
Gas Procurement Incentive Program
April 2001 - October 2007
Price Comparison Without GPIP**

	<u>Volumes</u>	<u>Price</u>	<u>Cost</u>	<u>Savings (Loss)</u>
Locked price - August 2002	911,958	\$3.312	\$3,020,244.00	
NYMEX 7/29/02	911,958	\$2.976	\$2,713,987.01	
Savings (loss) due to purchasing plan =				(\$306,256.99)
Locked price - September 2002	868,500	\$3.364	\$2,921,848.00	
NYMEX 8/28/02	868,500	\$3.288	\$2,855,628.00	
Savings (loss) due to purchasing plan =				(\$66,220.00)
Locked price - October 2002	1,258,900	\$3.360	\$4,229,284.00	
NYMEX 9/26/02	1,258,900	\$3.686	\$4,640,305.40	
Savings (loss) due to purchasing plan =				\$411,021.40
Locked price - November 2002	1,614,000	\$3.461	\$5,585,625.00	
NYMEX 10/28/02	1,614,000	\$4.126	\$6,659,364.00	
Savings (loss) due to purchasing plan =				\$1,073,739.00
Locked price - December 2002	2,015,000	\$3.594	\$7,240,947.00	
NYMEX 11/26/02	2,015,000	\$4.140	\$8,342,100.00	
Savings (loss) due to purchasing plan =				\$1,101,153.00
Locked price - January 2003	2,250,600	\$3.662	\$8,242,495.00	
NYMEX 12/27/02	2,250,600	\$4.988	\$11,225,992.80	
Savings (loss) due to purchasing plan =				\$2,983,497.80
Locked price - February 2003	1,968,400	\$3.625	\$7,135,448.00	
NYMEX 1/29/03	1,968,400	\$5.660	\$11,141,144.00	
Savings (loss) due to purchasing plan =				\$4,005,696.00
Locked price - March 2003	1,909,600	\$3.556	\$6,790,037.00	
NYMEX 2/27/03	1,909,600	\$9.133	\$17,440,376.80	
Savings (loss) due to purchasing plan =				\$10,650,339.80
Locked price - April 2003	1,362,000	\$3.510	\$4,780,756.20	
NYMEX 3/27/03	1,362,000	\$5.146	\$7,008,852.00	
Savings (loss) due to purchasing plan =				\$2,228,095.80
Locked price - May 2003	979,600	\$3.553	\$3,480,184.00	
NYMEX 4/28/03	979,600	\$5.123	\$5,018,490.80	
Savings (loss) due to purchasing plan =				\$1,538,306.80
Locked price - June 2003	768,000	\$3.696	\$2,838,600.00	
NYMEX 5/28/03	768,000	\$5.945	\$4,565,760.00	
Savings (loss) due to purchasing plan =				\$1,727,160.00
Locked price - July 2003	713,000	\$3.896	\$2,777,987.50	
NYMEX 6/26/03	713,000	\$5.291	\$3,772,483.00	
Savings (loss) due to purchasing plan =				\$994,495.50
Locked price - August 2003	722,300	\$4.034	\$2,914,093.00	
NYMEX 7/29/03	722,300	\$4.693	\$3,389,753.90	
Savings (loss) due to purchasing plan =				\$475,660.90
Locked price - September 2003	840,000	\$4.263	\$3,580,710.00	
NYMEX 8/27/03	840,000	\$4.927	\$4,138,680.00	
Savings (loss) due to purchasing plan =				\$557,970.00
Locked price - October 2003	1,373,300	\$4.481	\$6,154,120.00	
NYMEX 9/26/03	1,373,300	\$4.430	\$6,083,719.00	
Savings (loss) due to purchasing plan =				(\$70,401.00)
Locked price - November 2003	1,917,000	\$4.875	\$9,345,300.00	
NYMEX 10/29/03	1,917,000	\$4.459	\$8,547,903.00	
Savings (loss) due to purchasing plan =				(\$797,397.00)

**National Grid - Rhode Island
Gas Procurement Incentive Program
April 2001 - October 2007
Price Comparison Without GPIP**

	<u>Volumes</u>	<u>Price</u>	<u>Cost</u>	<u>Savings (Loss)</u>
Locked price - December 2003	2,507,900	\$5.037	\$12,632,128.00	
NYMEX 11/25/03	2,507,900	\$4.860	\$12,188,394.00	
Savings (loss) due to purchasing plan =				(\$443,734.00)
Locked price - January 2004	2,579,200	\$5.171	\$13,338,122.00	
NYMEX 12/29/03	2,579,200	\$6.150	\$15,862,080.00	
Savings (loss) due to purchasing plan =				\$2,523,958.00
Locked price - February 2004	1,931,400	\$5.189	\$10,021,254.50	
NYMEX 1/28/04	1,931,400	\$5.775	\$11,153,835.00	
Savings (loss) due to purchasing plan =				\$1,132,580.50
Locked price - March 2004	2,129,700	\$5.138	\$10,943,031.00	
NYMEX 2/25/04	2,129,700	\$5.150	\$10,967,955.00	
Savings (loss) due to purchasing plan =				\$24,924.00
Locked price - April 2004	1,407,000	\$4.704	\$6,619,140.00	
NYMEX 3/29/04	1,407,000	\$5.365	\$7,548,555.00	
Savings (loss) due to purchasing plan =				\$929,415.00
Locked price - May 2004	1,010,600	\$4.697	\$4,746,286.00	
NYMEX 4/28/04	1,010,600	\$5.935	\$5,997,911.00	
Savings (loss) due to purchasing plan =				\$1,251,625.00
Locked price - June 2004	870,000	\$4.767	\$4,147,635.00	
NYMEX 5/26/04	870,000	\$6.680	\$5,811,600.00	
Savings (loss) due to purchasing plan =				\$1,663,965.00
Locked price - July 2004	815,300	\$4.924	\$4,014,376.00	
NYMEX 6/28/04	815,300	\$6.141	\$5,006,757.30	
Savings (loss) due to purchasing plan =				\$992,381.30
Locked price - August 2004	771,900	\$5.036	\$3,887,292.00	
NYMEX 7/28/04	771,900	\$6.048	\$4,668,451.20	
Savings (loss) due to purchasing plan =				\$781,159.20
Locked price - September 2004*	840,000	\$5.166	\$4,339,800.00	
NYMEX 8/27/04	840,000	\$5.082	\$4,268,880.00	
Savings (loss) due to purchasing plan =				(\$70,920.00)
Locked price - October 2004	1,599,600	\$5.201	\$8,318,958.50	
NYMEX 9/28/04	1,599,600	\$5.723	\$9,154,510.80	
Savings (loss) due to purchasing plan =				\$835,552.30
Locked price - November 2004	2,136,000	\$5.806	\$12,402,585.00	
NYMEX 10/27/04	2,136,000	\$7.626	\$16,289,136.00	
Savings (loss) due to purchasing plan =				\$3,886,551.00
Locked price - December 2004	2,253,700	\$6.291	\$14,177,695.00	
NYMEX 11/24/04	2,253,700	\$7.976	\$17,975,511.20	
Savings (loss) due to purchasing plan =				\$3,797,816.20
Locked price - January 2005*	2,008,800	\$6.141	\$12,336,233.00	
NYMEX 12/28/04	2,008,800	\$6.213	\$12,480,674.40	
Savings (loss) due to purchasing plan =				\$144,441.40
Locked price - February 2005*	1,929,200	\$6.327	\$12,205,256.00	
NYMEX 1/27/05	1,929,200	\$6.288	\$12,130,809.60	
Savings (loss) due to purchasing plan =				(\$74,446.40)
Locked price - March 2005	2,238,200	\$6.348	\$14,208,044.00	
NYMEX 2/24/05	2,238,200	\$6.304	\$14,109,612.80	
Savings (loss) due to purchasing plan =				(\$98,431.20)

**National Grid - Rhode Island
Gas Procurement Incentive Program
April 2001 - October 2007
Price Comparison Without GPIP**

	<u>Volumes</u>	<u>Price</u>	<u>Cost</u>	<u>Savings (Loss)</u>
Locked price - April 2005	1,332,000	\$5.696	\$7,587,720.00	
NYMEX 3/29/05	1,332,000	\$7.323	\$9,754,236.00	
Savings (loss) due to purchasing plan =				\$2,166,516.00
Locked price - May 2005*	954,800	\$5.702	\$5,443,956.50	
NYMEX 4/27/05	954,800	\$6.748	\$6,442,990.40	
Savings (loss) due to purchasing plan =				\$999,033.90
Locked price - June 2005	1,050,000	\$5.909	\$6,204,360.00	
NYMEX 5/27/05	1,050,000	\$6.123	\$6,429,150.00	
Savings (loss) due to purchasing plan =				\$224,790.00
Locked price - July 2005*	945,500	\$6.099	\$5,766,716.10	
NYMEX 6/28/05	945,500	\$6.976	\$6,595,808.00	
Savings (loss) due to purchasing plan =				\$829,091.90
Locked price - August 2005*	889,700	\$6.224	\$5,537,251.00	
NYMEX 7/27/05	889,700	\$7.647	\$6,803,535.90	
Savings (loss) due to purchasing plan =				\$1,266,284.90
Locked price - September 2005	984,000	\$6.412	\$6,309,300.00	
NYMEX 8/29/05	984,000	\$10.847	\$10,673,448.00	
Savings (loss) due to purchasing plan =				\$4,364,148.00
Locked price - October 2005	1,444,600	\$6.518	\$9,416,591.00	
NYMEX 9/28/05	1,444,600	\$13.907	\$20,090,052.20	
Savings (loss) due to purchasing plan =				\$10,673,461.20
Locked price - November 2005	2,169,000	\$6.936	\$15,043,575.00	
NYMEX 10/27/05	2,169,000	\$13.832	\$30,001,608.00	
Savings (loss) due to purchasing plan =				\$14,958,033.00
Locked price - December 2005	2,749,700	\$7.714	\$21,211,161.00	
NYMEX 11/28/05	2,749,700	\$11.180	\$30,741,646.00	
Savings (loss) due to purchasing plan =				\$9,530,485.00
Locked price - January 2006*	2,728,000	\$7.935	\$21,647,672.00	
NYMEX 12/28/05	2,728,000	\$11.431	\$31,183,768.00	
Savings (loss) due to purchasing plan =				\$9,536,096.00
Locked price - February 2006*	2,592,800	\$8.427	\$21,849,996.00	
NYMEX 1/27/06	2,592,800	\$8.400	\$21,779,520.00	
Savings (loss) due to purchasing plan =				(\$70,476.00)
Locked price - March 2006	2,610,200	\$8.590	\$22,420,626.00	
NYMEX 2/24/06	2,610,200	\$7.112	\$18,563,742.40	
Savings (loss) due to purchasing plan =				(\$3,856,883.60)
Locked price - April 2006	1,632,000	\$7.322	\$11,949,045.00	
NYMEX 3/29/06	1,632,000	\$7.233	\$11,804,256.00	
Savings (loss) due to purchasing plan =				(\$144,789.00)
Locked price - May 2006	1,469,400	\$8.039	\$11,813,170.00	
NYMEX 4/26/06	1,469,400	\$7.198	\$10,576,741.20	
Savings (loss) due to purchasing plan =				(\$1,236,428.80)
Locked price - June 2006	1,149,000	\$7.968	\$9,155,790.00	
NYMEX 5/26/06	1,149,000	\$5.925	\$6,807,825.00	
Savings (loss) due to purchasing plan =				(\$2,347,965.00)
Locked price - July 2006	1,119,100	\$8.186	\$9,160,810.00	
NYMEX 6/28/06	1,119,100	\$5.887	\$6,588,141.70	
Savings (loss) due to purchasing plan =				(\$2,572,668.30)

**National Grid - Rhode Island
Gas Procurement Incentive Program
April 2001 - October 2007
Price Comparison Without GPIP**

	<u>Volumes</u>	<u>Price</u>	<u>Cost</u>	<u>Savings (Loss)</u>
Locked price - August 2006	1,023,000	\$8.317	\$8,507,857.00	
NYMEX 7/27/06	1,023,000	\$7.042	\$7,203,966.00	
Savings (loss) due to purchasing plan =				(\$1,303,891.00)
Locked price - September 2006	1,131,000	\$8.192	\$9,265,575.00	
NYMEX 8/29/06	1,131,000	\$6.816	\$7,708,896.00	
Savings (loss) due to purchasing plan =				(\$1,556,679.00)
Locked price - October 2006	1,441,500	\$8.196	\$11,815,045.50	
NYMEX 9/27/06	1,441,500	\$4.201	\$6,055,741.50	
Savings (loss) due to purchasing plan =				(\$5,759,304.00)
Locked price - November 2006	2,232,000	\$9.029	\$20,153,280.00	
NYMEX 10/27/06	2,232,000	\$7.153	\$15,965,496.00	
Savings (loss) due to purchasing plan =				(\$4,187,784.00)
Locked price - December 2006	2,907,800	\$9.623	\$27,980,414.00	
NYMEX 11/28/06	2,907,800	\$8.318	\$24,187,080.40	
Savings (loss) due to purchasing plan =				(\$3,793,333.60)
Locked price - January 2007	3,143,400	\$9.903	\$31,128,634.50	
NYMEX 12/27/06	3,143,400	\$5.838	\$18,351,169.20	
Savings (loss) due to purchasing plan =				(\$12,777,465.30)
Locked price - February 2007	2,640,400	\$9.991	\$26,379,080.00	
NYMEX 1/29/07	2,640,400	\$6.917	\$18,263,646.80	
Savings (loss) due to purchasing plan =				(\$8,115,433.20)
Locked price - March 2007	2,622,600	\$10.047	\$26,349,752.00	
NYMEX 2/26/07	2,622,600	\$7.547	\$19,792,762.20	
Savings (loss) due to purchasing plan =				(\$6,556,989.80)
Locked price - April 2007	1,671,000	\$8.292	\$13,856,370.00	
NYMEX 3/28/07	1,671,000	\$7.558	\$12,629,418.00	
Savings (loss) due to purchasing plan =				(\$1,226,952.00)
Locked price - May 2007	1,506,600	\$8.166	\$12,303,435.00	
NYMEX 4/26/07	1,506,600	\$7.508	\$11,311,552.80	
Savings (loss) due to purchasing plan =				(\$991,882.20)
Locked price - June 2007	1,146,000	\$8.343	\$9,560,865.00	
NYMEX 5/29/07	1,146,000	\$7.591	\$8,699,286.00	
Savings (loss) due to purchasing plan =				(\$861,579.00)
Locked price - July 2007	1,016,800	\$8.296	\$8,434,867.50	
NYMEX 6/27/07	1,016,800	\$6.929	\$7,045,407.20	
Savings (loss) due to purchasing plan =				(\$1,389,460.30)
Locked price - August 2007	1,060,200	\$8.421	\$8,928,124.00	
NYMEX 7/27/07	1,060,200	\$6.110	\$6,477,822.00	
Savings (loss) due to purchasing plan =				(\$2,450,302.00)
Locked price - September 2007	1,053,000	\$8.493	\$8,943,105.00	
NYMEX 8/29/07	1,053,000	\$5.430	\$5,717,790.00	
Savings (loss) due to purchasing plan =				(\$3,225,315.00)
Locked price - October 2007	1,370,200	\$8.677	\$11,889,089.00	
NYMEX 9/26/07	1,370,200	\$6.423	\$8,800,794.60	
Savings (loss) due to purchasing plan =				(\$3,088,294.40)

* Does not include locks after baseload before NYMEX settle.

Total savings (loss) due to purchasing plan since inception = **\$13,422,716.34**

Commission Data Request 1-14

Request:

Compared to last year's filing, the Company projects using about 30% less LNG for the upcoming 2007-08 GCR period, what is the reason for the projected decreased need for LNG?

Response:

This drop is a direct result of the increase in pipeline capacity from the November 1, 2007 addition of 11,600 Dth per day of Tennessee Pipeline capacity as a result of Tennessee Pipeline's Connexion. The Company is also anticipating a drop in pressure support requirements based on system improvements which will improve flow to the Northern and Eastern South County areas, also reducing the need for LNG below historical levels.

Note though, that this level specifically excludes the use of LNG as a supply source to reduce higher cost, daily priced supplies and that the economic dispatch of LNG is expected to result in additional use above that projected in the filing. This past winter, the Company used approximately 113,000 Dth of LNG to displace higher cost supplies resulting in a saving of over \$400,000.

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate were hand-delivered, electronically transmitted and delivered via U.S. Mail to the individuals listed below on October 22, 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