

February 9, 2012

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: Docket No. 4308 - Tariff Advice Filing for Approval of Long-Term Contracting For Renewable Energy Recovery Provision and to Amend R.I.P.U.C. No. 2036, Transmission Service Cost Adjustment Provision
Responses to Commission Data Requests – Set 1

Dear Ms. Massaro:

Enclosed are ten (10) copies of National Grid's¹ responses to the Commission's First Set of Data Requests issued on January 18, 2012, concerning the above-referenced matter.

Thank you for your attention to this transmittal. If you have any questions, please feel free to contact me at (401) 784-7288.

Very truly yours,



Jennifer Brooks Hutchinson

Enclosures

cc: Steve Scialabba, Division
Jon Hagopian, Esq.

¹ The Narragansett Electric Company d/b/a National Grid ("Company").

Certificate of Service

I hereby certify that a copy of the cover letter and / or any materials accompanying this certificate has been electronically transmitted, sent via U.S. mail or hand-delivered to the individuals listed below.



Joanne M. Scanlon

February 9, 2012

Date

Docket 4308 - National Grid's Tariff Advice for Approval Long-Term Contracting for Renewable Energy Recovery Provision and Amend Transmission Service Cost Adjustment Provision Reconciliation Service List 1/10/12

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The Narragansett Electric Company
d/b/a National Grid
Docket No. 4308
In re: Tariff Advice Filing to Amend
R.I.P.U.C. 2036 and to add R.I.P.U.C. 2081
Related to Certain Long-Term Contract Cost Recovery
Responses to Commission Data Requests – Set 1
Issued January 18, 2012

Commission 1-1

Request:

Please file in this docket responses to the first three questions set forth in the Commission's informal information requests issued November 17, 2011.

Response:

Please see Attachment COMM 1-1.

Prepared by or under the supervision of: Jeanne A. Lloyd and Legal Department

The Narragansett Electric Company
d/b/a National Grid
Responses to Information Requests
Issued by the RI Public Utilities Commission
On November 17, 2011

Commission 1-1

Request:

R.I. Gen. Laws § 39-3-11 authorizes the Commission to conduct a review of a public utility's rates from time to time. R.I. Gen. Laws § 39-26.1-7(d) allows for certain administrative cost recovery related to the Amended Power Purchase Agreement ("Amended PPA") approved by the Commission in Order No. 20095 (issued August 16, 2010).

Please provide an accounting of all costs incurred to date related to the Amended PPA which shall include all costs incurred in the negotiation, administration, enforcement, transmission engineering associated with the design of the cable, and implementation of the project and agreement that the Company believes are recoverable from ratepayers under R.I. Gen. Laws § 39-26.1-7(d). Please categorize the costs incurred under each appropriate heading as listed in the prior sentence and by date incurred.

Response:

Please see Attachment Commission 1-1 for a preliminary accounting of all costs incurred to date in the negotiation, administration, enforcement, transmission engineering associated with the design of the cable, and implementation of the project and agreement that the Company believes are recoverable from customers under R.I. Gen. Laws § 39-26.1-7(d).

Prepared by or under the supervision of: Jeanne A. Lloyd

Transmission Cable (Deepwater)

Legal Expenses

Fiscal Year 2010	\$73,628
Fiscal Year 2011	\$16,618
Fiscal Year 2012 (to date)	\$15,335
	\$105,582

Note: Includes only costs of outside legal counsel retained for negotiation of cable purchase

Preliminary Engineering

Fiscal Year 2010	\$36,228
Fiscal Year 2011	\$18,837
Fiscal Year 2012 (to date)	\$71,103
	\$126,167

Note: Includes costs related to design of cable

Total Costs to date \$231,749

Docket No. 4185 (Deepwater)

Legal Expenses

Fiscal Year 2010	\$0
Fiscal Year 2011	\$120,984
Fiscal Year 2012 (to date)	\$61,905
	\$182,889

Note: Includes only costs of outside legal counsel retained for negotiation of Amended PPA , procedural matters and appeal process

Other Consultant Expense

Fiscal Year 2010	\$0
Fiscal Year 2011	\$0
Fiscal Year 2012 (to date)	\$0
	\$0

Total Costs to date \$182,889

Docket No. 4111 (Deepwater)

Legal Expenses

Fiscal Year 2010	\$167,763
Fiscal Year 2011	\$36,149
Fiscal Year 2012 (to date)	\$0
	\$203,912

Note: Includes only costs of outside legal counsel retained for negotiation of PPA

Other Consultant Expense

Fiscal Year 2010	\$15,000
Fiscal Year 2011	\$0
Fiscal Year 2012 (to date)	\$0
	\$15,000

Note: Includes cost of consultants retained to produce REC forecasts

Total Costs to date \$218,912

Total Administrative Costs to date \$633,550

The Narragansett Electric Company
d/b/a National Grid
Responses to Information Requests
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On November 17, 2011

Commission 1-2

Request:

Please indicate when National Grid is planning to commence its annual filings for cost recovery of costs listed in R.I. Gen. Laws § 39-26-1-7(d), not to be confused with the recoverable costs listed in R.I. Gen. Laws § 39-26.1-4.

Response:

The Company plans to submit a filing prior to December 31, 2011 indicating its proposal to recover the administrative costs eligible for recovery pursuant to R.I. Gen. Laws § 39-26-1-7(d) and a final accounting of all costs incurred to date.

Prepared by or under the supervision of: Jeanne A. Lloyd

The Narragansett Electric Company
d/b/a National Grid
Responses to Information Requests
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On November 17, 2011

Commission 1-3

Request:

Please provide an accounting of all costs incurred relative to the PPA filed in Docket No. 4111 and all other costs incurred by National Grid listed in Section 39-26.1-7(a) of 2009 R.I. Pub. Laws 216.

Response:

Please see the response to Commission 1-1.

Prepared by or under the supervision of: Jeanne A. Lloyd

Commission 1-2

Request:

Please provide the status of the negotiations with Deepwater Wind regarding a Transmission Cable Purchase Agreement.

Response:

The Company and Deepwater have been meeting periodically to negotiate the key business terms of the Transmission Cable Purchase Agreement, and discussions are ongoing. Currently, the discussions are focused on potential pricing structures for the transmission facilities, pending Deepwater's completion of the scoping the project. The parties have another meeting scheduled for later this month.

Prepared by or under the supervision of: Daniel Glenning

Commission 1-3

Request:

When does National Grid anticipate filing a Transmission Cable Purchase Agreement with the Division?

Response:

The Company is not able to anticipate the date on which it will be prepared to file a copy of the Transmission Cable Purchase Agreement with the Division at this time because negotiations with Deepwater have not been completed. See the Company's response to Commission 1-2. However, under the Amended Power Purchase Agreement ("PPA") between the Company and Deepwater, the parties have two years from the date of the final PPA approval and resolution of all appeals to complete a Transmission Cable Purchase Agreement, the timeframe for which would be on or around July 2013. Assuming the parties reach an agreement regarding a Transmission Cable Purchase Agreement, the Company would anticipate providing an unexecuted copy of the Transmission Cable Purchase Agreement between the Company and Deepwater to the Division around the end of 2012 in order to allow sufficient time for the Division's review and consent to the agreement's execution pursuant to R.I.G.L. § 39-26.1-7(f) and the FERC approval process pursuant to the Federal Power Act so as to comfortably meet the July 2013 target under the PPA.

Prepared by or under the supervision of: Daniel Glenning

Commission 1-4

Request:

When does National Grid anticipate making a filing with the Federal Energy Regulatory Commission (“FERC”) to put into effect transmission rates to recover all of the costs associated with the purchase of the cable and related facilities as well as the annual operation and maintenance costs from customers?

Response:

Please see the Company’s response to Data Request 1-3. Assuming the parties reach an agreement regarding a Transmission Cable Purchase Agreement and the allocation of the costs associated with that agreement, then in order to comfortably meet the July 2013 target date under the PPA, the Company would anticipate making a FERC filing by early 2013.

Prepared by or under the supervision of: Daniel Glenning

Commission 1-5

Request:

How long does a proceeding before the FERC such as that listed in question 1-3 take from filing to final approval?

Response:

If FERC approval is needed under Section 203 of the Federal Power Act for the purchase of facilities under the Transmission Cable Purchase Agreement, federal regulations allow up to 180 days from the date of filing for FERC to act, with an additional 180 days available for good cause shown and issuance of a tolling order by FERC. However, for uncontested proceedings that involve the sale of transmission facilities subject to the operational control of a Regional Transmission Organization (RTO) such as ISO New England, FERC regulations are in place for expeditious consideration of such transactions and FERC typically takes 60 days to act upon such transactions.

For transmission rate-related cost recovery and cost allocation proceedings under Section 205 of the Federal Power Act, FERC is permitted 60 days from the date of filing for its initial action on a rate filing. If such a filing is uncontested and the parties are in agreement, FERC typically takes final action within the 60 days. If a rate proceeding is contested or the parties are not in agreement, FERC's 60-day order would likely establish settlement procedures and a hearing and FERC would be under no further statutory time constraint for issuing a final order.

Prepared by or under the supervision of: Legal Department

Commission 1-6

Request:

If the Deepwater Project is not completed, why would the costs be considered properly part of the Transmission Service Cost Adjustment Provision under R.I.G.L. § 39-26.1(d)?

Response:

R.I.G.L. § 39-26.1-7(d) provides that “all costs incurred in the negotiation, administration, enforcement, transmission engineering associated with the design of the cable, and implementation of the project and agreement shall be recovered annually by the electric distribution company in electric rates.” The statute does not condition recovery of any of these costs on the project actually being built. In the event that the transmission cable project is not completed, the Company will file to recover the preliminary engineering costs that are currently being incurred but are deferred for recovery through the Transmission Service Cost Adjustment Provision (“TSCAP”). See the Company’s response to Commission 1-7. If the Commission determines that the Long-Term Contracts for Renewable Energy Recovery (“LTCRER”) Provision is a more appropriate recovery mechanism than the TSCAP, then Company will make the appropriate revisions to the LTCRER Provision.

Prepared by or under the supervision of: Jeanne A. Lloyd

Commission 1-7

Request:

Please reconcile R.I.G.L. § 39-26.1(d) transmission related costs with those set forth in R.I.G.L. § 39-26.1-7(f).

Response:

R.I.G.L. § 39-26.1-7(d) authorizes the recovery of “transmission engineering associated with the design of the cable . . . in electric distribution rates”. R.I.G.L. § 39-26.1-7(f) authorizes the recovery of “all of the costs associated with the purchase of the transmission cable and related facilities and the annual operation and maintenance”.

For purposes of identifying the appropriate mechanism for the recovery of the costs associated with the cable purchase agreement, the Company has segregated the costs into two “buckets”. In the first bucket are costs that are properly charged to capital, and that will eventually be recovered through FERC-approved transmission rates, assuming that the Company elects to own, operate, or otherwise participate in the transmission cable project and ultimately makes a filing with FERC to request approval of the costs associated with the cable project. The Company is proposing that these costs be recovered from all Rhode Island customers through the revised Transmission Service Cost Adjustment Provision (“TSCAP”) in accordance with the provisions of § 39-26.1-7(f).¹

Although the Company is not requesting recovery of the preliminary engineering costs that have been incurred at this time, the Company has proposed changes to the TSCAP to put in place a recovery mechanism to enable the Company to recover all of the costs associated with the cable project. As indicated in the response to Commission 1-6, in the event that the transmission cable project is not completed, the Company will file to recover the preliminary transmission design and engineering that were incurred prior to the abandonment of the project from Narragansett Electric customers. The Company would not object to recovering these costs through the Long-Term Contracting for Renewable Energy Recovery Provision.

In the second cost bucket, the Company has included all other costs, which are not capitalizable, such as outside legal expenses incurred to negotiate the cable project

¹ Costs recovered pursuant to this provision will be allocated to the customers of Block Island Power as authorized in § 39-26.1-7(f)

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contract, and proposes that these costs be recovered pursuant to § 39-26.1-7(d) from all Narragansett Electric distribution customers through the proposed LTCRER.

Prepared by or under the supervision of: Jeanne A. Lloyd

Commission 1-8

Request:

Please indicate why National Grid has made no references to cost recovery from the Block Island Power Company as part of this filing.

Response:

The Company recognizes that R.I.G.L. § 39-26.1-7(f) requires that the annual costs of the transmission cable be shared by the customers of Narragansett Electric and Block Island Power Company in a manner specified in the statute. However, R.I.G.L. § 39-26.1-7(f) provides for recovery of costs associated with the transmission cable and related facilities from Block Island Power Company “[s]hould the electric distribution company own, operate and maintain the cable. . . .” Accordingly, costs associated with the cable and those facilities are not properly recoverable from Block Island Power Company unless and until the Company owns, operates and maintains that cable and those facilities. Assuming the Company and Deepwater execute a Transmission Cable Purchase Agreement and FERC approval is received to recover the costs associated with the cable and related facilities, the Company will file any necessary tariffs or tariff revisions to recover the costs of the cable and related facilities from the customers of Block Island Power and the Company as provided by the statute.

Prepared by or under the supervision of: Jeanne A. Lloyd