

May 29, 2012

**VIA HAND DELIVERY & ELECTRONIC MAIL**

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

**RE: Docket 4323 - Application for Approval of a Change in Electric and Gas Base Distribution Rates Pursuant to R.I.G.L. Sections 39-3-10 and 39-1-3-11 Responses to Division Data Requests - Set 2 - GAS**

Dear Ms. Massaro:

Enclosed is an original and ten (10) copies of National Grid's<sup>1</sup> responses to the Division's Second Set of Data Requests in the above-captioned proceeding.

The responses included with this filing complete the Division's Second Set, as indicated on the enclosed discovery log.

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,



Thomas R. Teehan

Enclosures

cc: Docket 4323 Service List  
Leo Wold, Esq.  
Steve Scialabba, Division

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<sup>1</sup> The Narragansett Electric Company d/b/a National Grid (herein referred to as "National Grid" or the "Company").

## Certificate of Service

I hereby certify that a copy of the cover letter and/or any materials accompanying this certificate were electronically submitted, hand delivered and mailed to the individuals listed below.

/S/  
Janea Dunne

May 29, 2012  
Date

### **National Grid (NGrid) – Request for Change in Electric & Gas Distribution Rates Docket No. 4323 – Service List updated on 5/24/12**

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<b>File original &amp; 11 copies w/:</b> Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	<a href="mailto:Lmassaro@puc.state.ri.us">Lmassaro@puc.state.ri.us</a>	401-780-2107
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	<a href="mailto:Adalessandro@puc.state.ri.us">Adalessandro@puc.state.ri.us</a>	
	<a href="mailto:Nucci@puc.state.ri.us">Nucci@puc.state.ri.us</a>	
	<a href="mailto:Dshah@puc.state.ri.us">Dshah@puc.state.ri.us</a>	
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The Narragansett Electric Company  
d/b/a National Grid  
R.I.P.U.C. Docket No. 4323  
Discovery Log

DATA SET	DATA REQUEST	DATE ISSUED	DATE FILED	WITNESS	ATTACHMENT	CONFIDENTIAL ATTACHMENT
<b>DIVISION SET 1</b>						
Division Set 1	Division 1-1-ELEC	5/9/2012	5/25/2012	Michael D. Laflamme	Att. DIV 1-1-ELEC	
Division Set 1	Division 1-2-ELEC	5/9/2012	5/25/2012	Michael D. Laflamme	Att. DIV 1-2-ELEC	
Division Set 1	Division 1-3-ELEC	5/9/2012	5/25/2012	Michael D. Laflamme	Att. DIV 1-3-ELEC	
Division Set 1	Division 1-4-ELEC	5/9/2012	5/25/2012	Michael D. Laflamme	Att. DIV 1-4-ELEC	
Division Set 1	Division 1-5-ELEC	5/9/2012	5/25/2012	Michael D. Laflamme		
Division Set 1	Division 1-6-ELEC	5/9/2012	5/23/2012	Michael D. Laflamme	Att. DIV 1-6-ELEC	
Division Set 1	Division 1-7-ELEC	5/9/2012	5/23/2012	Michael D. Laflamme		
Division Set 1	Division 1-8-ELEC	5/9/2012	5/25/2012	Michael D. Laflamme	Att. DIV 1-8-ELEC	
Division Set 1	Division 1-9-ELEC	5/9/2012	5/23/2012	Michael D. Laflamme	Att. DIV 1-9-ELEC	
Division Set 1	Division 1-10-ELEC	5/9/2012	5/25/2012	Michael D. Laflamme		
Division Set 1	Division 1-11-ELEC	5/9/2012	5/23/2012	Michael D. Laflamme	Att. DIV 1-11-ELEC	
Division Set 1	Division 1-12-ELEC	5/9/2012	5/23/2012	Michael D. Laflamme		
Division Set 1	Division 1-13-ELEC	5/9/2012	5/23/2012	Michael D. Laflamme	Att. DIV 1-13-ELEC	
Division Set 1	Division 1-14-ELEC	5/9/2012	5/23/2012	Michael D. Laflamme		
Division Set 1	Division 1-15-ELEC	5/9/2012	5/23/2012	Michael D. Laflamme		
Division Set 1	Division 1-16-ELEC	5/9/2012	5/23/2012	Michael D. Laflamme		
Division Set 1	Division 1-17-ELEC	5/9/2012	5/23/2012	Michael D. Laflamme		
Division Set 1	Division 1-18-ELEC	5/9/2012	5/23/2012	Michael D. Laflamme		
Division Set 1	Division 1-19-ELEC	5/9/2012	5/23/2012	Michael D. Laflamme		
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Division Set 1	Division 1-26-ELEC	5/9/2012	5/23/2012	Michael D. Laflamme		
Division Set 1	Division 1-27-ELEC	5/9/2012	5/23/2012	Michael D. Laflamme	Att. DIV 1-27-ELEC	
Division Set 1	Division 1-28-ELEC	5/9/2012	5/23/2012	Michael D. Laflamme		
Division Set 1	Division 1-29-ELEC	5/9/2012	5/23/2012	Michael D. Laflamme	Att. DIV 1-29-ELEC	
Division Set 1	Division 1-30-ELEC	5/9/2012	5/23/2012	Michael D. Laflamme		
Division Set 1	Division 1-31-ELEC	5/9/2012	5/23/2012	Michael D. Laflamme		
<b>DIVISION SET 2</b>						
Division Set 2	Division 2-1-GAS	5/14/2012	5/25/2012	Michael D. Laflamme	Att. DIV 2-1-GAS	
Division Set 2	Division 2-2-GAS	5/14/2012	5/25/2012	Michael D. Laflamme	Att. DIV 2-2-GAS	
Division Set 2	Division 2-3-GAS	5/14/2012	5/25/2012	Michael D. Laflamme		
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Division Set 2	Division 2-5-GAS	5/14/2012	5/25/2012	Michael D. Laflamme		
Division Set 2	Division 2-6-GAS	5/14/2012	5/25/2012	Michael D. Laflamme	Att. DIV 2-6-GAS	
Division Set 2	Division 2-7-GAS	5/14/2012	5/25/2012	Michael D. Laflamme	Att. DIV 2-7-GAS	

The Narragansett Electric Company  
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Division Set 2	Division 2-9-GAS	5/14/2012	5/25/2012	Michael D. Laflamme	Att. DIV 2-9-GAS	
Division Set 2	Division 2-10-GAS	5/14/2012	5/29/2012	Michael D. Laflamme		
Division Set 2	Division 2-11-GAS	5/14/2012	5/29/2012	Michael D. Laflamme		
Division Set 2	Division 2-12-GAS	5/14/2012	5/25/2012	Michael D. Laflamme	Att. DIV 2-12-GAS	
Division Set 2	Division 2-13-GAS	5/14/2012	5/29/2012	Michael D. Laflamme		
Division Set 2	Division 2-14-GAS	5/14/2012	5/29/2012	Michael D. Laflamme		
Division Set 2	Division 2-15-GAS	5/14/2012	5/29/2012	Michael D. Laflamme		
Division Set 2	Division 2-16-GAS	5/14/2012	5/29/2012	Michael D. Laflamme	Att. DIV 2-16-1-GAS Att. DIV 2-16-2-GAS Att. DIV 2-16-3-GAS	
Division Set 2	Division 2-17-GAS	5/14/2012	5/29/2012	Michael D. Laflamme		
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Division 2-10-GAS

Request:

Referring to Laflamme testimony, page 41, please provide a summary of the costs and savings attributable to the IS transformation initiatives. The response should show the total costs and annual savings, the costs and savings allocable to Narragansett – Gas, and the extent to which anticipated annual savings are reflected in the rate year cost of service, with specific reference to how and where such savings are reflected.

Response:

A total of \$2.8 million in costs-to-achieve for savings initiatives has been removed from the test year, as shown at Schedule MDL-3-GAS, Page 8, Column (b). Of this amount, \$1.7 million is attributable to IS Transformation. Recurring transformation-related operating costs are included in rate year Computer Software expense shown in Workpaper MDL-7, Page 3, Lines 123-190, totaling \$0.2 million.

Total Annual Savings

Please refer to Workpaper MDL-15, which supports the Productivity & Efficiency Savings generated by the U.S. Restructuring Program. Annual IS savings of \$9.5 million are a component of the total \$171 million in U.S. Restructuring Savings. These savings are comprised of \$7.1 million in non-labor savings (Page 7) and \$2.4 million in labor savings (Page 18). IS-related U.S. Restructuring savings initiatives include the following, per page 5:

- **IS1 - IS OPEX project demand management - \$2.5 million**  
Initiative IS1 relates to the rationalization of the Company's OPEX project portfolio. This was achieved by evaluating opportunities to cancel or defer projects. The Company participates in an annual investment planning process where the business relationship management team works with the wider National Grid USA business and the Information Services Solution and Service Delivery functions to evaluate opportunities for investment. During the year, a formalized sanction process is held where individual projects that may have been identified in the investment plan are yet again evaluated. During the year, the business relationship management team continues to work with the wider business looking for potential areas of deferring or cancelling projects. Projects are typically capital projects that have an operating expense component. It is this operating expense component where National Grid USA expects to achieve \$2.5 million in annual savings.
- **IS2- IS Solution Delivery – new vendor arrangements - \$1.0 million**  
Application development and application support functions were transferred to external vendors IBM and Wipro, as discussed in the Direct Testimony of Michael D.

Division 2-10-GAS, page 2

Laflamme, Page 41. The comments in IS3 below provide further description of the efficiencies gained with the transfer of responsibilities from in-house National Grid to IBM and Wipro.

▪ **IS3 - Application support – further efficiencies - \$3.6 million**

This initiative represents efficiencies following the transfer of application support and development to IBM and Wipro, beyond the \$1.0 million identified in IS2 above. The \$1.0 million was an estimate; however, the Solution Delivery costs were reduced by \$4.6 million in total. These efficiencies are generally driven by the transfer of services at a reduced cost, lower cost contracts with IBM and Wipro, and clauses in the contract that allow for efficiencies (*i.e.*, contract cost decreases over time). Please note that Workpaper MDL-15 refers to initiative IS3 as “IS service delivery - new vendor arrangements.” This initiative description in the Workpaper is mislabeled and should read “Application support - further efficiencies” as shown above.

▪ **IS Solution Delivery – further stretch options - \$2.4 million**

This \$2.4 million represents labor savings resulting from the reorganization of the IS Solution Delivery Process & Systems team. The Process & Systems function was previously split among three functions: the Transaction Delivery Center (“TDC”) Technology team, the Operations Work Support team, and the Customer Technology Group. It was transferred into IS during 2011. Process & Systems performs functions such as production application support, business consultancy, assisting in designing business solutions and work as a conduit between business users and IS. An evaluation of the services provided was subsequently completed to determine activities that could be terminated or absorbed into other functions. The result was a reduction in staff of the Process & Systems organization from 44 to 29 FTEs.

Of the total \$9.5 million in U.S. Restructuring savings for the IS department, a total of \$0.9 million in labor and \$3.4 million in non-labor savings were achieved in the test year. Incremental savings of \$1.5 million and \$3.7 million for labor and non-labor expenses, respectively, would be achieved in the rate year.

Savings Allocable to the Company

Annual IS-related U.S. Restructuring savings allocable to the Company are calculated to total \$0.2 million as follows:

- IS OPEX project demand management - \$0.06 million
- IS solution delivery - \$0.02 million
- Application support - further efficiencies - \$0.08 million
- IS solution delivery - further stretch options - \$0.06 million

Division 2-10-GAS, page 3

This allocation was derived by taking the total IS-related U.S. Restructuring savings of \$9.5 million times an allocation percentage of 2.3 percent, which is the Company's share of bill pool 90382 "G&A – Grid & KS – All (excluding Parent)", as shown at Schedule MDL-2, Page 37, Line 36.

Of the annual \$0.2 million in IS-related U.S. Restructuring savings, approximately \$0.1 million were achieved in the test year and are therefore embedded in the test year cost of service. An incremental total of \$0.1 million in IS-related U.S. Restructuring savings is included in the rate year cost of service. Incremental non-labor savings of \$0.09 million are a component of the total \$1.1 million Productivity & Efficiency Savings adjustment shown at Schedule MDL-3-GAS Page 7, Line 30. Incremental labor savings of \$0.03 million are embedded in rate year labor expense of \$31.7 million, shown at Schedule MDL-3-GAS, Page 7, Line 3. Rate year labor expense was calculated based on the December 31, 2011 employee complement and all employee separations were completed prior to December 31; therefore, annual labor savings have been reflected in the rate year labor expense.

Division 2-11-GAS

Request:

Referring to Laflamme testimony, page 45, please provide a summary of the savings attributable to the US Foundation Program. The response should show the total annual savings, the savings allocable to Narragansett – Gas, and the extent to which anticipated annual savings are reflected in the rate year cost of service, with specific reference to how and where such savings are reflected.

Response:

As noted in the Company's response to Division 1-15-ELEC, a summary of the savings attributable to the U.S. Foundation Program ("USFP") is set forth in Workpaper MDL-15, which supports the Productivity & Efficiency savings adjustment.

Total Annual Savings

The total annual savings of \$4.9 million from the U.S. Foundation Program reflected in U.S. Restructuring Savings is made up of the following initiatives (descriptions are provided beginning on page 4 of the Workpaper).

- **FIN5 - Finance - Contractors (in day jobs) - \$3.3 million**  
FIN5 relates to agency staff who are filling established roles within Finance that will no longer be required when USFP is implemented. Until SAP is implemented, there is a requirement to maintain staffing levels that support the current systems. Full-time staff members who have been brought onto USFP have been replaced with agency staff. These roles will no longer be needed following the implementation of SAP.
- **FIN6 - Finance - Contractors (in project roles) - \$1.3 million**  
FIN6 relates to agency staff who are filling established roles within Finance working on project work that will no longer be required when USFP is implemented. Similar to FIN5, full-time staff members who have been working on special projects and have been brought onto USFP have been replaced with agency staff. These roles will no longer be needed following the implementation of SAP.
- **PROC6 - Procurement – Procurement Card ("P-Card") consolidation – \$0.3 million**  
PROC6 relates to a Transaction Delivery Center ("TDC") initiative, which will result in procurement savings when USFP is implemented. These savings relate to the roll-out of the program that comes with consolidating the P-Cards with a single bank and getting a higher rebate.



Division 2-11-GAS, page 2

Of the total \$4.9 million in USFP savings embedded in U.S. Restructuring, none have been achieved in the test year; therefore, \$4.9 million should be achieved in the rate year.

While there are no labor savings directly attributable to USFP, U.S. Restructuring initiatives were developed assuming a single back-office platform.

Savings Allocable to the Company

Annual USFP-related U.S. Restructuring savings allocable to the Company are calculated to total \$0.1 million as follows:

Finance - Contractors (in day jobs) - \$0.08 million  
Finance - Contractors (in project roles) - \$0.03 million  
Procurement - P-Card - \$7,000

This allocation was derived by taking the total USFP-related U.S. Restructuring savings of \$4.9 million times an allocation percentage of 2.3 percent, which is the Company's share of bill pool 90382 "G&A – Grid & KS – All (excluding Parent)", as shown at Schedule MDL-2, Page 37, Line 36.

The total \$0.1 million of USFP-related U.S. Restructuring savings is included in the rate year cost of service, as a component of the total \$1.1 million Productivity & Efficiency Savings adjustment shown at Schedule MDL-3-GAS, Page 7, Line 30.

Division 2-13-GAS

Request:

Referring to Schedule MDL-3-GAS, Page 31, please explain why the actual uninsured claims expense in 2011 was less than the actual disbursements in that year.

Response:

During the preparation of this response, the Company determined that the expenses for claims for Worker's Compensation were inadvertently classified as other employee benefits, not as claims. As a result, the total amount of test year claims for Narragansett Gas should have been \$618,449, not \$395,202. This change reduces the revenue requirement by approximately \$244,000. Also, please note that the same error was made in the filing for Narragansett Electric. In that case, the total amount of test year claims of \$2,480,624 (see Schedule MDL-3-ELEC, Page 30) should have been \$3,530,204. The revenue requirement for Narragansett Electric should be reduced by approximately \$1,065,000.

The reason that the amount of claims paid differs from the amount of expense on the books is due to the timing of cash payouts versus expense accruals.

Division 2-14-GAS

Request:

Schedule MDL-3-GAS, Page 35, when will the amortization of the OPEB transition obligation be complete?

Response:

Pages 3 through 8 of Workpaper MDL-26 provides amortization schedules for the unamortized pension and OPEB unrecognized net gains and losses that resulted from National Grid's acquisitions of New England Electric System ("NEES") on March 22, 2000, Eastern Utilities Associates ("EUA") on April 20, 2000, and the Rhode Island gas business from Southern Union Company on August 24, 2006. Page 3 is a summary of the various amortization schedules from pages 4 through 8 by the Company's fiscal year. Pages 4 through 8 provide the date of each acquisition by National Grid and the amortization periods for the various unrecognized components. Page 4 reflects pension and OPEB amortization for EUA's Blackstone Valley Electric and Newport Electric subsidiaries, which were merged into Narragansett Electric, and the last unrecognized component will be amortized in the Company's fiscal year ended March 31, 2016. Page 5 is the amortization for Narragansett Electric with the last component being amortized in fiscal year 2020. Page 6 is the amortization for Narragansett Gas with the last component being amortized in fiscal year 2021. Pages 7 and 8 are the amortization schedules for the NEES and EUA service companies, which were merged to form National Grid USA Service Company, Inc., and the last unrecognized components will be amortized in fiscal years 2016 and 2020, respectively.

Division 2-15-GAS

Request:

Referring to Workpaper MDL-13 GAS, Page 2, please provide a narrative description of how the expense estimates were developed and any supporting documentation for those estimates.

Response:

Please refer to the Company's response to Division 1-24-ELEC.

Division 2-16-GAS

Request:

Referring to Schedule MDL-3-GAS, Page 51, please provide documentation supporting the plant additions related to growth on line 4.

Response:

For ease of reference, the information provided on Schedule MDL-3-GAS, Page 51, Line 4, is copied below:

	(a) Jan-Mar 2012	(b) Apr-Dec 2012	(c) CY 2012	(d) Jan 2013	(e) Rate Year Feb 2013-Jan 2014
Capital Growth per Schedule MDL-3-GAS, Page 51, Line 4	\$1,631,949	\$10,015,899	\$11,647,848	\$1,112,878	\$12,177,485

Column (a) January-March 2012

The January-March 2012 figure of \$1,631,949 is comprised of the following:

The January 2012 preliminary spending amount of \$631,949, which is set forth in the Actual column total of the Rhode Island Capital by Category Report provided in Attachment DIV 2-16-1-GAS, the February preliminary spending amount of \$469,260, which is set forth in the Actual column total of the Rhode Island Capital by Category Report provided in Attachment DIV 2-16-2-GAS, and the March capital spending forecast of \$530,740.

Column (b) April-December 2012

The April-December 2012 figure of \$10,015,899 represents nine months of the 2013 fiscal year estimated capital spending of \$13,354,536 (i.e., \$13,354,536 / 12 months = \$1,112,878 x 9 months = \$10,015,902), which is provided in Attachment DIV 2-16-3, Page 1.

Column (c) CY 2012

The CY 2012 figure of \$11,647,848 is the sum of the figures in Columns (a) and (b).

Division 2-16-GAS, page 2

Column (d) January 2013

The January 2013 figure of \$1,112,878 represents one month of the total 2013 fiscal year amount of \$13,354,536, which is provided in Attachment DIV 2-16-3-GAS, Page 1.

Column (e) Rate Year February 2013 to January 2014

The February 2013 to January 2014 Rate Year figure of \$12,177,485 was calculated based upon two months of the 2013 fiscal year estimated spending as provided in Attachment DIV 2-16-3-GAS, Page 1 (FY 2013: \$13,354,536 / 12 months = \$1,112,878 x 2 months = \$2,225,756) and ten months of the 2014 fiscal year estimated spending as provided in Attachment DIV 2-16-3-GAS, Page 2 (FY 2014: \$11,942,076 / 12 months = \$995,173 x 10 months = \$9,951,730).

US Gas - Rhode Island  
Capital By Category  
January 2012

Classification	Category	Actual	Budget	Month Variance to Budget	YTD Actual	YTD Budget	YTD Variance to Budget	Annual Budget
<b>Growth</b>								
	<b>Base Growth</b>							
	Install Main	\$79,730	\$104,960	\$25,231	\$2,914,874	\$1,604,712	(\$1,310,162)	\$1,876,066
	Install Services	\$505,602	\$241,928	(\$263,675)	\$6,397,974	\$3,698,768	(\$2,699,206)	\$4,324,225
	<b>Base Growth - Customer Contributions</b>							
	Base Growth - Customer Contributions	(\$25,066)	(\$67,780)	(\$42,714)	(\$1,519,848)	(\$1,036,268)	\$483,579	(\$1,211,500)
	<b>Base Growth - Install Meter / Regulator</b>							
	Base Growth - Install Meter / Regulator	\$0	\$9,766	\$9,766	\$0	\$149,313	\$149,313	\$174,561
	<b>Base Growth - Fitting</b>							
	Base Growth - Fitting	\$0	\$73,796	\$73,796	\$0	\$1,128,243	\$1,128,243	\$1,319,027
	<b>Base Growth - Large Projects</b>							
	Boston University			\$0			\$0	
	<b>Base Growth - Marketing &amp; Sales</b>							
	Base Growth - Marketing & Sales			\$0			\$0	
	<b>Base Growth -Meter Purchase/Operations</b>							
	Base Growth -Meter Purchase/Operations	\$71,247	\$25,001	(\$46,246)	\$454,042	\$382,240	(\$71,802)	\$446,877
	<b>Base Growth - Sales Fullfillment</b>							
	Base Growth - Sales Fullfillment	\$0	\$35,255	\$35,255	\$0	\$539,000	\$539,000	\$630,144
	<b>Gas System Reinforcement</b>							
	Reinforcement	\$436	\$12,588	\$12,152	\$147,676	\$192,456	\$44,780	\$225,000
				\$0			\$0	
<b>Growth Total</b>		<b>\$631,949</b>	<b>\$435,514</b>	<b>(\$196,435)</b>	<b>\$8,394,718</b>	<b>\$6,658,463</b>	<b>(\$1,736,256)</b>	<b>\$7,784,400</b>

US Gas - Rhode Island  
Capital By Category  
February 2012

Classification	Category	Actual	Budget	Month Variance to Budget	YTD Actual	YTD Budget	YTD Variance to Budget	Annual Budget
<b>Growth</b>								
	<b>Base Growth</b>							
	Install Main	\$90,841	\$101,382	\$10,541	\$3,005,715	\$1,706,093	(\$1,299,622)	\$1,876,066
	Install Services	\$402,444	\$233,679	(\$168,765)	\$6,800,418	\$3,932,447	(\$2,867,971)	\$4,324,225
	<b>Base Growth - Customer Contributions</b>							
	Base Growth - Customer Contributions	(\$34,526)	(\$65,469)	(\$30,943)	(\$1,554,374)	(\$1,101,737)	\$452,637	(\$1,211,500)
	<b>Base Growth - Install Meter / Regulator</b>							
	Base Growth - Install Meter / Regulator	\$0	\$9,433	\$9,433	\$0	\$158,746	\$158,746	\$174,561
	<b>Base Growth - Fitting</b>							
	Base Growth - Fitting	\$0	\$71,280	\$71,280	\$0	\$1,199,522	\$1,199,522	\$1,319,027
	<b>Base Growth - Large Projects</b>							
	Boston University			\$0			\$0	
	<b>Base Growth - Marketing &amp; Sales</b>							
	Base Growth - Marketing & Sales			\$0			\$0	
	<b>Base Growth -Meter Purchase/Operations</b>							
	Base Growth -Meter Purchase/Operatio	\$3,776	\$24,149	\$20,373	\$457,818	\$406,389	(\$51,429)	\$446,877
	<b>Base Growth - Sales Fullfillment</b>							
	Base Growth - Sales Fullfillment	\$0	\$34,053	\$34,053	\$0	\$573,053	\$573,053	\$630,144
	<b>Gas System Reinforcement</b>							
	Reinforcement	\$6,725	\$12,159	\$5,434	\$154,401	\$204,615	\$50,214	\$225,000
				\$0			\$0	
<b>Growth Total</b>		<b>\$469,260</b>	<b>\$420,665</b>	<b>(\$48,594)</b>	<b>\$8,863,978</b>	<b>\$7,079,128</b>	<b>(\$1,784,851)</b>	<b>\$7,784,400</b>





FY12-13 Growth Plan Requirements							
Classification	Category	PYE11-12	Units	Approx Unit Costs	Spend		
Growth	Base Growth						
	Install Main	\$3,135,144	1,635.00	\$4,500			\$ 7,357,500
	Install Services	\$6,392,371	31,216.00	\$100			\$ 3,121,600
	Base Growth - Customer Contributions	(\$1,794,782)					(\$1,794,782)
	Base Growth - Install Meter/Regulator	0					\$ 179,892
	Base Growth - Marketing & Sales	0					\$ 300,000
	Base Growth - Sales Fullfillment	0					0
	Base Growth - Fitting	0					\$ 1,363,321
		\$7,732,733					\$ 10,527,531
	In year Reinforcement						
	Base Growth -Meter Purchase/Operations						\$ 827,005
	Gas System Reinforcement						
	Reinforcement						\$ 2,000,000
						Total:	\$ 13,354,536

Division 2-17-GAS

Request:

Please provide the actual plant additions related to growth for each year 2009-2011.

Response:

Actual capital spending related to growth for Narragansett Gas for calendar years 2009 to 2011 is set forth in the chart below.

RI Gas Growth Capital	CY 2009	CY 2010	CY 2011
	\$9,156,124	\$7,183,602	\$9,876,601

Division 2-18-GAS

Request:

Please provide the actual plant additions related to growth in 2012 to date and for the corresponding period in 2011.

Response:

Actual capital spending related to growth in 2012 for Narragansett Gas is available for the first quarter of 2012. The chart below provides a comparison of growth capital for the January-March CY 2011 and CY 2012.

RI Gas Growth Capital	CY 2011	CY 2012
January	\$776,360	\$713,230
February	\$431,376	\$529,616
March	\$57,869	\$1,456,411
Total	\$1,265,605	\$2,699,257

Division 2-19-GAS

Request:

Referring to Laflamme testimony, page 105, lines 13-14, please provide the growth in revenue related to the referenced investments.

Response:

Please see chart below, which details the annualized and rate year revenue associated with the capital growth described in Mr. Laflamme's testimony on Page 105, Lines 13-14, and further detailed in Schedule MDL-3-GAS, Page 51, Line 4. Rate year revenue takes into account the timing of customer additions, while annualized revenue assumes all added customers begin using gas on January 1<sup>st</sup> of the year they are added.

	Jan-Mar 2012	Apr-Dec 2012	Jan 2013	Feb 2013-Jan 2014	Total
Capital Growth per Schedule MDL-3- GAS, Page 51, Line 4	\$1,631,949	\$10,015,899	\$1,112,878	\$12,177,485	\$24,938,211
Annualized Revenue	\$807,378	\$2,193,295	\$282,009	\$2,956,672	\$6,239,354
Rate Year Revenue					\$4,680,759

The rate year revenue of \$4.7 million represents the incremental gross revenue during the period February 2013 through January 2014 resulting from \$24.9 million in capital growth. Note that capital growth includes \$2 million in reinforcement in fiscal year 2013 (April 1, 2012 - March 31, 2013). Though labeled growth, this reinforcement is necessary for the Company to comply with code requirements for safe and reliable service. Net load growth includes load losses, attrition and energy efficiency savings, which offset gross load additions. The net load growth was forecasted using the Company's econometric/statistical models described in Mr. Silvestrini's testimony. Although overall net load growth is relatively flat (see Pages 8-9 of Mr. Silvestrini's testimony), load additions offsetting load losses do not align exactly across the gas network. Some areas are growing while others are not, and therefore, over time, reinforcement is required to balance system load on the network.

Division 2-20-GAS

Request:

Please provide budgeted Fiscal Year 2013 capital spending, showing total capital spending, ISR capital spending, and non-ISR capital spending by function.

Response:

	<b>FY 2013 Budget</b>	<b>FY 2013 Per Cost of Service</b>
Growth	\$ 9,423,708	\$ 13,354,532
ISR Capital Spending		
Mandated	52,206,050	52,206,050
Reliability	8,467,037	8,467,037
Discretionary	520,200	520,200
Special Projects	692,300	692,300
Total ISR Capital Spending	61,193,287	61,885,588
less Cost of Removal	(4,739,297)	(4,701,396)
Net ISR Capital	56,453,990	57,184,191
General Plant		
Facilities	4,353,000	1,200,000
IS	175,000	175,000
Other	10,000	10,000
Total General Capital	4,538,000	1,385,000
Total RI Gas Capital Spend	<u>\$ 70,415,698</u>	<u>\$ 71,923,723</u>

The Narragansett Gas FY 2013 budget was developed during the late summer/early fall months of 2011. Since then, there have been some revisions reflected in the cost of service as better information became available.

The Narragansett Gas ISR capital spending of \$61.885 million (excluding growth) agrees with the FY 2013 ISR plan budget approved by the Commission in Docket No. 4306.

Division 2-20-GAS, page 2

The Narragansett Gas FY 2013 growth budget of \$9.4 million changed to \$13.4 million because, in October 2011, the Company decided to proactively shift Company resources to the growth program because of a significant increase in customer demand for gas conversions. The recent price gap between natural gas and oil has prompted customers to convert at a much higher level than originally estimated, especially with the continued price gaps between these energies being forecasted for the foreseeable future.

The Narragansett Gas FY 2013 facilities budget was revised to \$1.2 million as more updated information became available.

Division 2-21-GAS

Request:

Referring to Schedule MDL-3-GAS, page 54, please provide documentation supporting the property tax expenses on lines 18-21.

Response:

Please see Attachment DIV 2-21-GAS.



The Narragansett Electric Company - Gas (Co. 48)  
Property Tax Journals for the Calendar Years 2008 through 2011

Line No.	Sum of Posted Jnl \$							Cal Yr			
	Business Unit	Bus Unit Descr	Segment	Regulatory Acct	Regulatory Acct Descr	Jrnl Id	Jrnl Line Descr	2008	2009	2010	2011
1	00048	Narragansett Gas Company	GAS	408140	Tx Oth Inc Tx-Mun Op Prop	01291	Property tax constant (operati	\$ 9,004,088	\$ 9,413,974	\$ 2,395,300	
2						49617	Rcl 48/49 acct.236300	5,372			
3						01291DS	Property tax constant (operati			7,482,847	11,658,209
4	<b>Grand Total</b>							<b>\$ 9,009,459</b>	<b>\$ 9,413,974</b>	<b>\$ 9,878,147</b>	<b>\$ 11,658,209</b>

Line Notes

- 1-3 Per Company books
- 4 Sum of Lines 1 through 3; agrees to Schedule MDL-3-GAS, Page 54 Lines 17 - 21

Division 2-22-GAS

Request:

Referring to Schedule MDL-3-GAS, page 54, please provide the increase in property tax expense from 2010 to 2011 related to increases in rates, as opposed to the increase in taxable property.

Response:

Please refer to Attachment DIV 2-22-GAS, which sets forth the increase in property tax expense from 2010 to 2011 related to increases in rates, as opposed to the increase in taxable property.

**Increase in Property Tax  
Between Calendar Years 2010 and 2011**

<b>Line</b>	<b>Description</b>	(a) <b>2010</b>	(b) <b>2011</b>
1	Assessed Values	\$ 300,496,334	\$ 337,618,146
2	Taxes Paid	10,525,670	12,129,402
3	Average Tax Rate	35.02762	35.92639
4	Change in Average Tax Rate		0.89878
5	Change due to Tax Rate Increase		303,443
6	Change due to Increase in Taxable Property		1,300,289
7	Total Change in Property Tax 2010 to 2011		<u>1,603,732</u>
<b>Reconciliation to book expense:</b>			
8	Refunds/Rebills	\$ 656,721	\$ 390,342
9	Taxes Net of Refunds	9,868,949	11,739,060
10	Per Schedule MDL-3-GAS, Page 59	9,878,000	11,658,000
11	Remaining Difference	<u>\$ (9,051)</u>	<u>\$ 81,060</u>

**Line Notes:**

Line 3 = [Line 2 / Line 1] / 1,000

Line 4 = Line 3 Column (b) - Line 3 Column (a)

Line 5 = Line 1 Column (a) / 1,000 x Line 4

Line 6 = Line 2 Column (b) - Line 2 Column (a) - Line 5 Column (b)

Line 9 = Line 2 - Line 8

Line 11 = Line 9 - Line 10

Division 2-23-GAS

Request:

Referring to Schedule MDL-3-GAS, page 59, please provide the financial statements from which the rate base components were taken.

Response:

Please refer to Attachment DIV 2-23-GAS.

The Narragansett Electric Company  
Narragansett Gas Company  
As of: December 31, 2011

Reg	DECEMBER	MARCH	JUNE	SEPTEMBER	DECEMBER	
Account	PER 9 FY 2011	PER 12 FY 2011	PER 3 FY 2012	PER 6 FY 2012	PER 9 FY 2012	
<b>ASSETS</b>						
<b>NET UTILITY PLANT</b>						
<b>PLANT ASSETS</b>						
Utility Plant in Service	101000	613,322,109.37	625,811,923.29	622,808,625.10	639,634,819.84	661,504,503.98
Utility Plant in Service-ARO	101010	564,000.00	506,000.00	506,000.00	506,000.00	506,000.00
Completed Const not Classified	106000	41,756,384.28	42,351,691.32	36,567,825.03	28,846,977.51	19,061,240.59
Utility Plant		<u>655,642,493.65</u>	<u>668,669,614.61</u>	<u>659,882,450.13</u>	<u>668,987,797.35</u>	<u>681,071,744.57</u>
Property under Capital Leases		0.00	0.00	0.00	0.00	0.00
Accum Deprec of Plant	108000	(296,167,828.27)	(299,665,754.92)	(293,145,153.85)	(297,004,465.49)	(301,069,990.32)
RWIP Reiclass	108001	5,666,465.51	6,108,568.07	6,758,644.04	6,527,695.36	6,633,753.08
Amort Plant-Intangible	111000	(18,669,588.54)	(18,957,684.90)	(19,245,781.23)	(19,622,102.51)	(19,914,665.03)
Accum Prov for Depreciation		<u>(309,170,951.30)</u>	<u>(312,514,871.75)</u>	<u>(305,632,291.04)</u>	<u>(310,098,872.64)</u>	<u>(314,350,902.27)</u>
Sub Total Plant Assets		<b>346,471,542.35</b>	<b>356,154,742.86</b>	<b>354,250,159.09</b>	<b>358,888,924.71</b>	<b>366,720,842.30</b>
Construction in Progress	107000	29,946,729.98	32,155,643.10	45,718,640.25	58,257,285.42	66,634,719.19
Capital Accrual CWIP-Additions	107135	0.00	133,589.27	0.00	0.00	0.00
Construction in Progress		<u>29,946,729.98</u>	<u>32,289,232.37</u>	<u>45,718,640.25</u>	<u>58,257,285.42</u>	<u>66,634,719.19</u>
<b>TOTAL NET UTILITY PLANT</b>		<b>376,418,272.33</b>	<b>388,443,975.23</b>	<b>399,968,799.34</b>	<b>417,146,210.13</b>	<b>433,355,561.49</b>
Goodwill NEG	114103	235,058,056.39	235,058,056.39	235,058,056.39	235,058,056.39	235,058,056.39
Goodwill, Net of Amortization		<u>235,058,056.39</u>	<u>235,058,056.39</u>	<u>235,058,056.39</u>	<u>235,058,056.39</u>	<u>235,058,056.39</u>
<b>OTHER PROPERTY AND INVESTMENTS</b>						
<b>NET NONUTILITY PROPERTY</b>						
Non Utility Property		0.00	0.00	0.00	0.00	0.00
Accum Prov for Depreciation-NU		0.00	0.00	0.00	0.00	0.00
Net Nonutility Property		<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Equity Investments		0.00	0.00	0.00	0.00	0.00
Other Invest - Warren Land	124008	57,495.00	57,495.00	57,495.00	57,495.00	57,495.00
Other Investments		<u>57,495.00</u>	<u>57,495.00</u>	<u>57,495.00</u>	<u>57,495.00</u>	<u>57,495.00</u>
Other		0.00	0.00	0.00	0.00	0.00
Derivative Instrument Asset-LT		0.00	0.00	0.00	0.00	0.00
<b>TOTAL OTHER PROPERTY AND INVESTMENTS</b>		<b>57,495.00</b>	<b>57,495.00</b>	<b>57,495.00</b>	<b>57,495.00</b>	<b>57,495.00</b>
<b>CURRENT ASSETS</b>						
Cash-General Funds	131000	(375,882.90)	3,641,706.24	4,128,900.98	(961,090.69)	(543,494.07)
Cash Receipts Misc AR	131001	1,721,336.39	(189,167.54)	(164,825.15)	(59,374.83)	(7,317.46)
Cash-Outstanding Checks	131010	442,324.40	633,037.32	970,934.10	1,184,578.91	1,303,205.50
Cash Clearing CSS	131040	0.00	0.00	(6,929.80)	0.00	0.00
Cash		<u>1,787,777.89</u>	<u>4,085,576.02</u>	<u>4,928,080.13</u>	<u>164,113.39</u>	<u>752,393.97</u>
Special Deposits	134000	42,224,096.84	26,326,055.94	28,275,801.65	33,835,316.52	38,088,468.78
Other Special Deposits		<u>42,224,096.84</u>	<u>26,326,055.94</u>	<u>28,275,801.65</u>	<u>33,835,316.52</u>	<u>38,088,468.78</u>
Cash-Working Funds-General	135000	500.00	500.00	500.00	500.00	500.00
Working Funds		<u>500.00</u>	<u>500.00</u>	<u>500.00</u>	<u>500.00</u>	<u>500.00</u>
Temporary Cash Investments		0.00	0.00	0.00	0.00	0.00
Customer AR	142000	64,995,236.60	100,175,529.01	65,503,710.40	46,486,700.01	56,235,144.51
Customer AR-Misc Billing	142001	19,996.99	19,996.99	19,996.99	19,996.99	19,996.99
AR Under Collect-Access Charge	142010	491.01	801.30	491.01	491.01	491.01
AR Gift Certificates	142013	(1,030.00)	(1,030.00)	(1,030.00)	(1,030.00)	(1,030.00)
Cust A/R-Service Work Orders	142020	8,428.29	8,641.53	8,321.36	7,967.44	7,933.57
Cust A/R Clear-Ref Chck Writer	142021	24,056.53	19,096.50	9,360.32	11,808.60	(5,167.84)
Oth A/R-Liheap DAC Contrib	142023	1,210,018.09	398,811.67	0.00	1,613,627.18	1,427,192.90
Oth A/R-DAC Coll-Syst Pressure	142024	(27,334.34)	8,889.10	43,922.45	167,031.90	40,145.53
A/R-Inter Co Repts-RI Gas	142026	(6,056,101.94)	(5,925,789.68)	(5,744,895.90)	(1,192,099.83)	(981,053.87)
Oth A/R-Lost Revenue Adj DAC	142028	(19,088.26)	752.30	752.30	752.30	0.00
Customer Accounts Receivable		<u>60,154,672.97</u>	<u>94,705,698.72</u>	<u>59,840,628.93</u>	<u>47,115,245.60</u>	<u>56,743,652.80</u>
Oth AR-Misc	143004	3,380,600.34	4,366,771.69	4,768,142.28	6,129,995.15	3,541,415.01
Misc AR-Hwy & Emp	143005	1,754,817.33	1,754,817.33	1,754,817.33	1,754,817.33	1,754,817.33
Oth A/R-Union Billable Labor	143008	915.54	373.06	2,809.80	161.88	622.08
Oth A/R-LPI Reserve	143009	(164.69)	(259.71)	0.00	0.00	0.00
Sundries	143017	56,587.51	36,776.61	35,901.47	55,022.20	29,040.30

**The Narragansett Electric Company  
Narragansett Gas Company  
As of: December 31, 2011**

	<b>Reg</b>	<b>DECEMBER</b>	<b>MARCH</b>	<b>JUNE</b>	<b>SEPTEMBER</b>	<b>DECEMBER</b>
	<b>Account</b>	<b>PER 9 FY 2011</b>	<b>PER 12 FY 2011</b>	<b>PER 3 FY 2012</b>	<b>PER 6 FY 2012</b>	<b>PER 9 FY 2012</b>
Oth A/R-Depndnt Care Odd Yr	143214	49,146.79	49,746.79	49,996.79	51,596.79	50,696.79
Oth A/R-Non Assoc	143215	0.00	3,884.03	0.00	0.00	0.00
Oth A/R-Health Care Spend Acct	143216	53,398.22	84,921.35	105,597.11	108,327.58	114,239.00
Transit&Park fund Legacy Grid	143218	1,240.00	1,240.00	1,240.00	1,240.00	1,240.00
Oth A/R-AT&T Broadband	143223	65,372.77	38,521.27	50,028.52	50,028.52	16,030.27
A/R-Property Damage	143230	118,793.48	81,470.27	78,563.20	75,734.37	89,548.59
A/R Gas Sale for Resale	143231	23,392.59	70,615.61	5,329.90	18,480.88	6,004.01
Employee Cash Advances	143342	6,864.18	6,864.18	6,864.18	6,864.18	6,864.18
A/R-Empl Home Conversion Loan	143343	(6,556.34)	(11,474.73)	(16,011.46)	18,802.66	18,055.92
Other Accounts Receivable		<u>5,504,407.72</u>	<u>6,484,267.75</u>	<u>6,843,279.12</u>	<u>8,271,071.54</u>	<u>5,628,573.48</u>
Customer Notes Receivable		<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Prov Uncoll Cust Accts	144000	(18,312,350.25)	(21,222,036.33)	(21,891,298.82)	(16,762,317.35)	(17,147,380.79)
Accum Bad Debt-Non-Gas	144005	(63,763.07)	(63,763.07)	(63,763.07)	(63,763.07)	(63,763.07)
Accum Bad Debt-PIPPs	144006	(1,583,465.93)	(1,286,772.62)	(279,107.10)	(1,858,609.67)	(1,858,855.73)
Bad Debt Exp - Misc Billing	144007	<u>9,208.63</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>4,727.09</u>
Accum Prov for Uncoll Acc-Cr		<u>(19,950,370.62)</u>	<u>(22,572,572.02)</u>	<u>(22,234,168.99)</u>	<u>(18,684,690.09)</u>	<u>(19,065,272.50)</u>
NR From Associated Companies		<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
AR Assoc Co-NGUSA (Parent)	146001	6,309.44	3,565.39	125,165.65	1,474,847.93	74,644.04
AR Assoc Co-Nantucket	146004	0.00	259.51	360.85	360.85	5,722.40
AR Assoc Co-MECO	146005	63,085.39	206.34	94,154.78	23,696.90	20,880.02
AR Assoc Co-MA Hydro	146006	(1,538.74)	(1,538.74)	(1,538.74)	0.00	0.00
AR Assoc Co-NEP	146010	0.00	0.00	1,192.65	4,808.45	0.00
AR Assoc Co-NEET	146020	0.00	0.00	0.00	0.00	0.00
AR Assoc Co-NMPC	146036	9,569.25	275.29	6,477.63	15,555.14	2,146.51
AR Assoc Co-Granite St. Elec	146041	0.00	2,689.84	0.00	36.48	92.72
AR Assoc Co-Narr Elec	146049	263,507,646.18	0.00	101,845,056.68	169,954,466.37	213,746,580.91
AR Assoc Co-Wayfinder	146070	567.05	567.05	567.05	567.05	0.00
AR Assoc Co-Valley Appliance	146071	966,848.17	266,329.55	(90,851.86)	186,346.15	1.00
AR Assoc Co-Prudence	146092	3,415.00	3,415.00	3,415.00	3,415.00	3,415.00
AR Assoc Co-NGUSA Service Co	146099	4,470,785.54	12,027,334.03	1,414,276.74	41,355.30	66,753.23
A/R Assoc Co-Boston Gas Co	146401	1,542.67	974,007.00	511.38	542.58	709.96
A/R Assoc Co-Essex Gas Co	146402	0.00	0.00	0.00	0.00	0.00
A/R Assoc Co-Colonial-Lowell	146403	0.00	288,631.94	0.00	0.00	0.00
A/R Assoc Co-Colonial-Cape Cod	146404	0.00	0.00	0.00	0.00	0.00
A/R Assoc Co-EnergyNorth Gas	146406	0.00	67,266.23	0.00	0.00	15.00
A/R Assoc Co-KS Corp Services	146431	0.00	0.00	0.00	22,553.77	53,832.48
A/R Assoc Co-Gas East-KEDLI	146437	0.00	0.00	1,105.77	0.00	0.00
A/R Assoc Co-BUG-KEDNY	146438	0.00	0.00	0.00	0.00	0.00
A/R Assoc Co-KS Services, Inc.	146459	27,809.10	108,754.00	0.00	0.00	0.00
A/R Assoc Co-KS Home En Srvcs	146502	45.70	0.00	0.00	0.00	0.00
A/R Assoc Co-KS Home En Srv NE	146505	3,971.48	0.00	0.00	0.00	0.00
A/R Assoc Co-KS LNG LP Reg Ent	146554	10,885.89	12,435.53	62,011.03	98,303.64	25,946.11
Accounts Rec Assoc Companies		<u>269,070,942.12</u>	<u>13,754,197.96</u>	<u>103,461,904.61</u>	<u>171,826,855.61</u>	<u>214,000,739.38</u>
Gas Stored Underground-Current	164000	19,023,230.93	9,962,126.40	14,732,690.56	20,122,932.97	19,073,566.39
UG Storage-Liquefied Nat Gas	164200	5,414,405.16	4,601,960.73	4,975,590.73	5,117,859.61	4,780,666.53
Fuel		<u>24,437,636.09</u>	<u>14,564,087.13</u>	<u>19,708,281.29</u>	<u>25,240,792.58</u>	<u>23,854,232.92</u>
Materials & Supplies	154000	2,308,392.79	2,469,656.14	3,028,910.69	2,850,745.32	3,087,476.31
Obsolete Inventory Reserve	154005	(110,923.00)	(119,474.27)	(106,051.05)	(142,537.27)	(154,373.82)
Stores Clearing-Debit	163000	0.00	(332,528.68)	0.00	0.00	0.00
Stores Clearing Db Bill Pool	163010	1,107,508.38	1,479,143.24	330,345.26	631,318.46	834,161.21
Stores Clearing-Credit	163100	(679,330.13)	(1,146,614.56)	(295,765.06)	(654,724.74)	(799,774.51)
Plant Materials & Supplies		<u>2,625,648.04</u>	<u>2,350,181.87</u>	<u>2,957,439.84</u>	<u>2,684,801.77</u>	<u>2,967,489.19</u>
Prepays	165000	262,500.00	387,681.50	0.00	250,000.00	0.00
Prepayments		<u>262,500.00</u>	<u>387,681.50</u>	<u>0.00</u>	<u>250,000.00</u>	<u>0.00</u>
Int & Div Rec-Assoc Companies		<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Interest & Dividends Rec		<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Rents Receivable	172000	10,449.89	3,947.75	5,697.75	3,947.75	3,947.75
Rents - NEG	172001	969.20	413.01	413.01	413.01	413.01
Rents Receivable		<u>11,419.09</u>	<u>4,360.76</u>	<u>6,110.76</u>	<u>4,360.76</u>	<u>4,360.76</u>
Unbilled Revenue-Electric	173000	40,932,463.00	31,227,862.00	4,435,571.00	3,248,353.00	25,962,190.00
Unbilled Revenue		<u>40,932,463.00</u>	<u>31,227,862.00</u>	<u>4,435,571.00</u>	<u>3,248,353.00</u>	<u>25,962,190.00</u>

The Narragansett Electric Company  
Narragansett Gas Company  
As of: December 31, 2011

	Reg	DECEMBER	MARCH	JUNE	SEPTEMBER	DECEMBER
	Account	PER 9 FY 2011	PER 12 FY 2011	PER 3 FY 2012	PER 6 FY 2012	PER 9 FY 2012
Misc Curr and Accrued Assets	174000	360,663.15	311,928.50	352,505.36	360,691.62	348,332.46
Misc. Curr and Accrued Assets		360,663.15	311,928.50	352,505.36	360,691.62	348,332.46
Deriv Instr Assets- Gas Supply	175005	1,516,184.50	482,793.00	141,675.00	167,116.00	398,271.10
Deriv Instr Assets Hedges-Curr	176000	0.00	0.00	0.00	0.00	0.00
Derivative Instrument Assets		1,516,184.50	482,793.00	141,675.00	167,116.00	398,271.10
Assets Held for Sale		0.00	0.00	0.00	0.00	0.00
<b>TOTAL CURRENT ASSETS</b>		<b>428,938,540.79</b>	<b>172,112,619.13</b>	<b>208,717,608.70</b>	<b>274,484,528.30</b>	<b>349,683,932.34</b>
<b>REGULATORY ASSETS</b>						
Environmental Response Fund	182305	27,983,954.14	29,108,425.93	27,836,601.59	28,056,233.43	27,611,734.39
Hazardous Waste Sites Reserve	182327	4,508,704.61	4,547,499.47	5,593,057.31	5,789,105.73	6,099,651.47
Asset Ret Oblig Reg Asset	182343	2,569,554.83	2,496,999.84	2,539,129.85	2,581,259.86	2,623,389.87
Y2K Expense	182348	1,589,411.59	1,495,916.83	1,402,422.07	1,308,927.31	1,215,432.55
NEG & KeySpan CTA	182365	7,795,257.66	7,237,603.30	7,070,131.65	6,793,420.61	6,548,378.61
KS-Rate Mitigation	182369	374,568.00	262,198.00	149,827.00	37,456.00	0.00
Gas Futures - Gas Supply	182370	49,919,240.29	31,442,076.69	28,965,551.00	44,391,163.00	61,238,489.50
FAS158-Pension	182458	37,422,705.00	33,866,342.00	33,452,792.00	32,782,797.00	32,367,210.00
FAS158-OPEB	182459	11,597,185.00	10,632,541.00	10,394,791.00	122,548.00	173,005.00
Pension/FAS106 Purch Acctg Adj	182550	39,521,161.58	38,057,413.58	36,593,665.58	35,129,917.58	33,666,169.58
OPEB Expense Deferred-Gas	182561	906,667.66	1,216,793.17	1,602,755.98	1,157,876.98	950,728.35
Pension Exp Deferred-Gas	182562	2,458,366.98	2,513,450.51	2,719,293.01	2,977,395.01	3,186,219.61
RDM Revenue Decoupling	182573	0.00	0.00	0.00	0.00	2,598,651.35
Misc Regulatory Assets		186,646,777.34	162,877,260.32	158,320,018.04	161,128,100.51	178,279,060.28
Other KeySpan Reg Assets		0.00	0.00	0.00	0.00	0.00
Yankee Decomm Costs		0.00	0.00	0.00	0.00	0.00
Extraordinary Property Losses		0.00	0.00	0.00	0.00	0.00
FAS 109	182302	26,154.00	349,846.00	349,846.00	349,846.00	349,846.00
FAS 109		26,154.00	349,846.00	349,846.00	349,846.00	349,846.00
Loss on Reacquired Debt		0.00	0.00	0.00	0.00	0.00
<b>TOTAL REGULATORY ASSETS</b>		<b>186,672,931.34</b>	<b>163,227,106.32</b>	<b>158,669,864.04</b>	<b>161,477,946.51</b>	<b>178,628,906.28</b>
<b>OTHER DEFERRED DEBITS</b>						
Unamortized Debt Expense	181000	241,448.30	235,717.10	229,985.90	224,254.70	218,523.50
Unamortized Debt Expense		241,448.30	235,717.10	229,985.90	224,254.70	218,523.50
PrelimSurvey&Investigation-Gas	183100	25,302.93	47,755.05	57,913.92	91,165.35	118,235.66
Prelim Survey & Investigation		25,302.93	47,755.05	57,913.92	91,165.35	118,235.66
<b>CLEARING ACCOUNTS</b>						
<b>COMMUNICATION EXPENSES</b>						
Communication Expenses-Debit	184030	9,655.85	16,126.24	1,512.23	3,041.50	4,205.34
Communication Exp-Debit		9,655.85	16,126.24	1,512.23	3,041.50	4,205.34
Communication Exp-Credit	184329	(9,655.85)	(16,126.24)	(1,512.23)	(3,041.50)	(4,205.34)
Communication Expense-Credit		(9,655.85)	(16,126.24)	(1,512.23)	(3,041.50)	(4,205.34)
<b>SUBTOTAL COMMUNICATION EXPENSES</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Other Clearing	184000	(63,322.55)	(63,322.55)	(63,322.55)	(63,322.55)	(63,322.55)
Pymts TNW-Vacation	184101	1,567,029.59	1,927,290.76	256,187.26	958,833.89	1,388,820.04
Pymts TNW-Holiday	184102	842,387.36	1,062,809.47	130,736.38	407,965.56	739,065.47
Pymts TNW-Sickness	184103	574,064.48	780,840.25	213,124.17	395,995.32	540,523.10
Pymts TNW-Personal	184104	4,094.29	4,753.44	118.86	2,294.62	6,225.66
Pymts TNW-Military Duty	184106	3,285.40	5,987.79	2,926.08	4,145.28	5,449.84
Pymts TNW-Jury Duty	184107	9,735.66	11,074.62	3,494.72	4,168.64	6,396.72
Pymts TNW-Rest Time	184108	177,626.45	274,781.04	48,517.48	129,890.53	197,626.24
Pymts TNW-Funeral	184111	48,014.90	63,931.72	16,130.98	22,431.72	36,769.00
Pymts TNW-Employ Related Injur	184112	57,715.74	60,576.12	28,993.72	50,028.36	66,594.15
TNW-Clearing Operating	184118	(3,154,447.15)	(4,192,045.21)	(996,414.53)	(1,914,834.94)	(2,934,668.78)
Pay for Time Not Worked		66,184.17	(63,322.55)	(359,507.43)	(2,403.57)	(10,521.11)
<b>TRANSPORTATION EXPENSES</b>						
Transp Exp-DR-Clearing Only	184020	3,436,693.78	4,863,653.65	1,228,700.01	2,377,992.88	3,646,499.47
Transportation Exp-Debit	184200	85,949.12	358,169.70	3,249.92	7,899.82	13,226.46
Transportation Expenses-Debit		3,522,642.90	5,221,823.35	1,231,949.93	2,385,892.70	3,659,725.93
Transportation Exp-Credit	184230	(3,870,195.27)	(5,222,876.93)	(1,225,220.98)	(2,258,664.64)	(3,633,133.71)
Transportation Expenses-Credit		(3,870,195.27)	(5,222,876.93)	(1,225,220.98)	(2,258,664.64)	(3,633,133.71)

The Narragansett Electric Company  
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	Reg	DECEMBER	MARCH	JUNE	SEPTEMBER	DECEMBER
	Account	PER 9 FY 2011	PER 12 FY 2011	PER 3 FY 2012	PER 6 FY 2012	PER 9 FY 2012
SUBTOTAL TRANSPORTATION EXPENSES		(347,552.37)	(1,053.58)	6,728.95	127,228.06	26,592.22
SUBTOTAL CLEARING ACCOUNTS		<b>(281,368.20)</b>	<b>(64,376.13)</b>	<b>(352,778.48)</b>	<b>124,824.49</b>	<b>16,071.11</b>
KS-Deriv Gas Cont-Reg-LT	186223	321,832.00	1,021,720.00	105,445.00	0.00	0.00
Suspense-KeySpan EPM Mapping	186648	10,908.17	10,908.17	10,908.17	18,691.40	18,691.40
Misc Def Dr-Exp Property Sales	186970	35,980.45	35,980.45	35,896.45	42,896.45	42,896.45
Miscellaneous Deferred Debits		368,720.62	1,068,608.62	152,249.62	61,587.85	61,587.85
ACCUMULATED DEFERRED INCOME TAX						
ADFIT-Hedging	190113	(353,342.05)	0.10	(718,126.40)	3,496,623.76	2,096,208.30
ADFIT-Pension-OCI	190158	164,216.75	(1,366,939.00)	(1,511,683.00)	(1,746,181.00)	359,812.00
ADFIT-OPEB-OCI	190159	2,283,558.26	915,219.11	832,005.11	(2,763,279.89)	(881,102.89)
ADFIT-Bad Debt Reserve	190407	6,960,313.12	7,878,083.61	7,759,642.55	6,517,324.93	6,650,528.78
ADFIT-Pension Liability	190412	14,377,404.38	14,544,328.13	13,962,015.28	13,275,806.68	8,185,976.98
ADFIT-Reserve-Environmental	190416	9,923,642.58	9,712,860.18	9,527,766.63	9,533,016.99	8,737,637.17
ADFIT-Deferred Compensation	190419	7,248.15	6,303.42	810.70	6,230.47	182,196.02
ADFIT-Employee Comp & Benefits	190423	255,445.69	369,460.35	375,152.95	370,515.10	733,948.00
ADFIT-Goodwill and Intangibles	190438	0.00	1,396,494.00	1,396,494.00	1,396,494.00	9,545,399.00
ADFIT-Reserves-Other	190456	0.00	256,596.46	255,534.06	255,544.59	255,644.25
ADFIT-Other	190466	0.00	(12,030.00)	(12,030.00)	(12,030.00)	0.00
ADFIT-OPEB Liability	190470	12,858,975.58	12,828,105.73	13,056,006.98	9,384,329.15	11,171,546.74
ADFIT-Net Operating Loss	190473	8,806,264.80	0.00	0.00	0.00	8,813,461.80
ADFIT-Accrued Interest	190480	45,349.87	94,884.43	109,993.58	104,349.83	119,911.88
Accum Deferred Fed Income Tax		55,329,077.13	46,623,366.52	45,033,582.44	39,818,744.61	55,971,168.03
ADSIT-Pension-OCI	190258	244,020.00	325,362.00	325,362.00	325,362.00	325,362.00
ADSIT-OPEB-OCI	190259	(6,390.00)	(6,390.00)	(6,390.00)	(6,390.00)	(6,390.00)
Accum Deferred State Income Tx		237,630.00	318,972.00	318,972.00	318,972.00	318,972.00
SUBTOTAL ACCUM DEF FIT & SIT		<b>55,566,707.13</b>	<b>46,942,338.52</b>	<b>45,352,554.44</b>	<b>40,137,716.61</b>	<b>56,290,140.03</b>
TOTAL DEFERRED DEBITS		<b>55,920,810.78</b>	<b>48,230,043.16</b>	<b>45,439,925.40</b>	<b>40,639,549.00</b>	<b>56,704,558.15</b>
TOTAL ASSETS		<b>1,283,066,106.63</b>	<b>1,007,129,295.23</b>	<b>1,047,911,748.87</b>	<b>1,128,863,785.33</b>	<b>1,253,488,509.65</b>
<b>CAPITALIZATION &amp; LIABILITIES</b>						
<b>CAPITALIZATION</b>						
<b>COMMON EQUITY</b>						
Common Stock		0.00	0.00	0.00	0.00	0.00
Premium on Capital Stock		0.00	0.00	0.00	0.00	0.00
Other Paid-in Capital		0.00	0.00	0.00	0.00	0.00
Appropriated Retained Earnings		0.00	0.00	0.00	0.00	0.00
Approp Ret Earn-Amort Res Fed		0.00	0.00	0.00	0.00	0.00
Unappropriated Retained Earn		19,218,750.52	38,819,563.37	35,207,941.36	28,655,604.20	35,501,895.28
Unapprop Retained Earnings		0.00	0.00	0.00	0.00	0.00
OCI Unrealzd Apprec/Depr Inv		0.00	0.00	0.00	0.00	0.00
OCI Hedging - Gain/Loss		0.00	0.00	0.00	0.00	0.00
OCI FAS158-OPEB-Taxation	219159	2,614,432.00	2,614,432.00	2,614,432.00	2,614,432.00	2,614,432.00
OCI-Pensions/OPEBs		2,614,432.00	2,614,432.00	2,614,432.00	2,614,432.00	2,614,432.00
TOTAL COMMON EQUITY		<b>21,833,182.52</b>	<b>41,433,995.37</b>	<b>37,822,373.36</b>	<b>31,270,036.20</b>	<b>38,116,327.28</b>
Notes Payable to NGUSA		0.00	0.00	0.00	0.00	0.00
Minority Interests		0.00	0.00	0.00	0.00	0.00
Preferred Stock		0.00	0.00	0.00	0.00	0.00
<b>LONG TERM DEBT</b>						
LTD-Bonds	221100	54,339,000.00	54,339,000.00	54,339,000.00	53,714,000.00	52,964,000.00
Long Term Debt		54,339,000.00	54,339,000.00	54,339,000.00	53,714,000.00	52,964,000.00
Unamort Prem&Disc on LTD		0.00	0.00	0.00	0.00	0.00
TOTAL LONG TERM DEBT		<b>54,339,000.00</b>	<b>54,339,000.00</b>	<b>54,339,000.00</b>	<b>53,714,000.00</b>	<b>52,964,000.00</b>
TOTAL CAPITALIZATION		<b>76,172,182.52</b>	<b>95,772,995.37</b>	<b>92,161,373.36</b>	<b>84,984,036.20</b>	<b>91,080,327.28</b>
<b>CURRENT LIABILITIES</b>						
LTD Due in One Yr	221200	1,375,000.00	1,375,000.00	1,375,000.00	1,375,000.00	1,375,000.00
LTD Due in One Year		1,375,000.00	1,375,000.00	1,375,000.00	1,375,000.00	1,375,000.00
Commercial Paper		0.00	0.00	0.00	0.00	0.00
A/P-Customer Overpayments	232030	4,085,622.38	3,880,704.61	5,125,017.26	4,599,609.56	4,039,702.62



**The Narragansett Electric Company  
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	<b>Reg</b>	<b>DECEMBER</b>	<b>MARCH</b>	<b>JUNE</b>	<b>SEPTEMBER</b>	<b>DECEMBER</b>
	<b>Account</b>	<b>PER 9 FY 2011</b>	<b>PER 12 FY 2011</b>	<b>PER 3 FY 2012</b>	<b>PER 6 FY 2012</b>	<b>PER 9 FY 2012</b>
A/P-Customer Refunds	232031	4,453.67	10,474.66	27,712.51	124,715.72	153,112.53
A/P-Audited Vouchers	232100	90,287.52	1,433,545.97	(843,108.56)	2,443,654.32	498,829.99
A/P-Bank Checks Outstanding	232102	442,324.40	633,037.32	970,934.10	1,184,578.91	1,303,205.50
A/P-Audited Voucher-Payroll	232104	1,193.45	2,692.16	13,149.76	13,149.76	14,186.24
A/P Exceptional Payments-NGG	232111	948,463.50	980,463.50	1,049,463.50	1,118,463.50	1,187,463.50
A/P-Gas Supply	232118	30,639,835.45	21,916,593.95	11,791,923.69	13,186,286.65	20,218,175.50
A/P-Purchased Power	232119	0.00	0.00	0.00	(48,489.52)	(48,489.52)
A/P-Empl Deduct-Union Dues	232300	(63.02)	(63.02)	(63.02)	(63.02)	(63.02)
A/P-Empl Deduct-Savings Bonds	232301	0.00	(75.74)	(75.74)	(75.74)	(75.74)
A/P-Empl Deduct-Cred Union	232302	0.00	0.00	0.00	0.00	0.00
A/P-Empl Deduct-Charity Org	232303	0.00	0.00	0.00	0.00	0.00
A/P-Empl Deduct-Thrift Plan	232305	41,773.26	52,222.79	49,398.57	49,193.46	110,258.67
A/P-Empl Deduct-Empl Assoc	232306	7,411.45	6,978.58	6,985.08	(1,737.27)	(1,730.77)
A/P-Empl Deduct-Auto Ins	232308	0.00	0.00	0.00	0.00	0.00
A/P-Thrift Loan	232309	7,586.12	7,845.28	7,433.10	7,248.98	7,771.02
A/P-Employee Life Insurance	232310	0.00	0.00	0.00	0.00	0.00
A/P-Empl Deduct-Stock Purchase	232314	11,735.00	14,338.00	12,000.65	11,182.00	11,882.00
A/P-Other Cash Receipts	232401	0.00	0.00	0.00	0.00	183,917.89
A/P-Group Insurance	232405	33,000.00	33,000.00	59,400.00	39,600.00	33,000.00
A/P-Work Comp Claims	232406	255,008.01	227,835.10	288,835.10	262,935.10	292,135.10
A/P-Esheat-Msc Exp&Dr Trm Slc	232412	0.00	0.00	0.00	1,590.55	0.00
A/P-Employee Expense Liab	232430	609.00	359.71	0.00	585.55	0.00
A/P-Unpaid Invoice Accrual	232438	516,143.14	1,210,233.90	2,086,483.18	1,163,705.76	1,745,565.35
A/P-Unpaid Legal Invoice Accr	232440	0.00	59,500.00	0.00	34,766.50	0.00
Accounts Payable		<u>37,085,383.33</u>	<u>30,469,686.77</u>	<u>20,645,489.18</u>	<u>24,190,900.77</u>	<u>29,748,846.86</u>
N/P Assoc Co-Narr Elec	233049	<u>493,138,390.00</u>	<u>493,138,390.00</u>	<u>493,138,390.00</u>	<u>493,138,390.00</u>	<u>493,138,390.00</u>
N/P to Assoc Companies		<u>493,138,390.00</u>	<u>493,138,390.00</u>	<u>493,138,390.00</u>	<u>493,138,390.00</u>	<u>493,138,390.00</u>
A/P Assoc Co-NGUSA (Parent)	234001	1,639,163.99	1,736,643.99	2,254.00	2,254.00	0.00
A/P Assoc Co-Nantucket Elec	234004	94,343.48	94,343.48	126.81	126.81	0.00
A/P Assoc Co-MECO	234005	3,495,146.53	3,793,926.74	267,162.29	522,119.84	67,175.84
A/P Assoc Co-MA Hydro	234006	3,091.73	3,091.73	0.00	0.00	0.00
A/P Assoc Co-NH Hydro	234008	704.17	704.17	0.00	0.00	0.00
A/P Assoc Co-NEP	234010	1,328,169.85	120,757.79	247,422.46	320,632.29	272,810.87
A/P Assoc Co-NEET	234020	999.40	999.40	0.00	0.00	0.00
A/P Assoc Co-NG Trans Services	234021	70.70	70.70	0.00	0.00	0.00
A/P Assoc Co-NMPC	234036	5,355,910.09	7,118,770.07	465,187.17	941,002.35	567,764.24
A/P Assoc Co-Granite St. Elec	234041	3,070.84	3,070.85	406.92	2,951.01	10,773.83
A/P Assoc Co-Narr Elec	234049	380,923,794.33	96,098,991.40	182,691,469.35	266,411,796.34	363,059,362.90
A/P Assoc Co-Wayfinder	234070	0.50	0.50	0.50	0.50	0.50
A/P Assoc Co-Valley Appliance	234071	3,015,286.43	563,618.00	216,184.10	716,051.70	443,741.56
A/P Assoc Co-Prudence	234092	234,000.00	247,500.00	247,500.00	247,500.00	247,500.00
A/P Assoc Co-Patience	234093	551.00	551.00	551.00	551.00	551.00
A/P Assoc Co-Newport America	234094	757.00	757.00	757.00	757.00	757.00
A/P Assoc Co-NGUSA Service Co	234099	(1,055,754.25)	2,945,363.21	2,745,773.86	192,169.69	1,305,748.33
A/P Assoc Co-Boston Gas Co	234401	0.00	0.00	151,031.80	173.08	1,349.53
A/P Assoc Co-Gas Portfolio Co	234423	0.00	0.00	0.00	0.00	0.00
A/P Assoc Co-KS Corp Services	234431	1,491,024.35	3,244,055.71	1,109,214.44	540,118.57	1,975,523.89
A/P Assoc Co-KS Utility Svcs	234432	20,310.89	28,358.58	11,242.87	(1,352.80)	25,048.56
A/P Assoc Co-KS Eng Services	234433	0.00	4,764.48	1.37	0.50	1,965.04
A/P Assoc Co-BUG-KEDNY	234438	0.00	0.00	12,934.87	9,948.58	0.00
A/P Assoc Co-Home Energy Svcs	234502	655,049.63	650,962.94	650,962.94	650,962.94	650,962.94
A/P Assoc Co-KS LNG LP Reg Ent	234554	108.59	119.44	34.62	23.80	0.00
AP to Associated Companies		<u>397,205,799.25</u>	<u>116,657,421.18</u>	<u>188,820,218.37</u>	<u>270,557,787.20</u>	<u>368,631,036.03</u>
Customer Deposits	235000	<u>4,586,537.57</u>	<u>4,638,317.62</u>	<u>4,574,888.56</u>	<u>4,445,131.72</u>	<u>4,620,875.91</u>
Customer Deposits		<u>4,586,537.57</u>	<u>4,638,317.62</u>	<u>4,574,888.56</u>	<u>4,445,131.72</u>	<u>4,620,875.91</u>
TAXES ACCRUED-FIT & SIT						
Taxes Accr-Federal Inc-Curr Yr	236100	(12,207,683.69)	(17,626,769.45)	(28,305,568.68)	(26,362,552.41)	(21,541,037.98)
Taxes Accr-Federal Inc-Curr Yr	236101	304,336.00	304,336.00	304,336.00	404,884.00	304,336.00
Taxes Accr-Federal Inc-PriorYr	236200	(7,653,989.35)	(7,653,989.35)	(7,653,989.35)	(7,653,989.35)	(7,653,989.35)
Taxes Accrued - Fed Inc		<u>(19,557,337.04)</u>	<u>(24,976,422.80)</u>	<u>(35,655,222.03)</u>	<u>(33,611,657.76)</u>	<u>(28,890,691.33)</u>
Tx Accr-St Franch-PA	236408	(9,584.00)	(9,584.00)	(9,584.00)	(9,584.00)	(9,584.00)

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Tx Accr-St Franch-MD	236412	(841.00)	(841.00)	(841.00)	(841.00)	(841.00)
Tx Accr-St Franch-NY	236417	(2,850.00)	(2,850.00)	(2,850.00)	(2,850.00)	(2,850.00)
State Franchise Tax		(13,275.00)	(13,275.00)	(13,275.00)	(13,275.00)	(13,275.00)
SUBTOTAL TAXES ACCRUED-FIT & SIT		<u>(19,570,612.04)</u>	<u>(24,989,697.80)</u>	<u>(35,668,497.03)</u>	<u>(33,624,932.76)</u>	<u>(28,903,966.33)</u>
TAXES ACCRUED-OTHER						
Tx Accr-Municipal Property	236300	(142,292.12)	2,575,152.95	3,689,455.60	2,119,945.58	310,563.62
Municipal Taxes		(142,292.12)	2,575,152.95	3,689,455.60	2,119,945.58	310,563.62
Tx Accr-State Unemployment	236500	(26,698.48)	90,349.44	(9,637.96)	2,569.42	1,830.59
State Unemployment Comp		(26,698.48)	90,349.44	(9,637.96)	2,569.42	1,830.59
Tx Accr-Fed Unempl Comp	236501	(23,129.16)	(3,255.48)	(22,642.26)	688.35	(3,675.13)
Tx Accr-FICA Company Portion	236550	144,713.03	255,303.87	206,567.13	(65,440.22)	27,280.31
Tx Accr-State Gross Earn Tax	236600	(253,255.22)	564,780.35	(4,086,103.82)	(2,800,736.69)	260,151.36
Tx Accr-Use Tax from STS	236751	26,035.79	23,354.07	23,702.45	46,033.46	30,191.98
Other Accr Taxes		(105,635.56)	840,182.81	(3,878,476.50)	(2,819,455.10)	313,948.52
SUBTOTAL TAXES ACCRUED-OTHER		<u>(274,626.16)</u>	<u>3,505,685.20</u>	<u>(198,658.86)</u>	<u>(696,940.10)</u>	<u>626,342.73</u>
Int Accr-LTD	237002	780,566.81	1,062,803.00	780,566.79	1,062,802.98	767,926.15
Int Accr-Customer Deposits	237003	732,845.71	749,029.79	762,584.95	773,314.62	(113.28)
Interest Accrued		1,513,412.52	1,811,832.79	1,543,151.74	1,836,117.60	767,812.87
Dividends Declared		0.00	0.00	0.00	0.00	0.00
NGUSA Dividends Declared		0.00	0.00	0.00	0.00	0.00
Tx Coll Pay FICA	241000	7,977.32	37,473.60	64,808.51	36,442.91	66,461.92
Tx Coll Pay-RI Sales&Use Tax	241003	636,445.21	797,504.65	252,014.34	224,651.39	464,779.13
Tx Coll Pay-RI Temp Dis Fund	241007	(13,889.14)	115,965.21	124,154.28	79,644.21	40,528.73
Tx Coll Pay-Fed Inc Withholding	241008	39,628.02	111,790.84	110,730.59	273,007.75	416,338.72
Tx Coll Pay-St Inc Withholding	241009	114,554.75	174,368.90	173,900.56	173,900.56	211,335.90
Tax Collected Pay-Fed Excise	241040	(77.49)	(77.49)	(77.49)	(88.91)	(88.91)
Tax Collections Payable		784,638.67	1,237,025.71	725,530.79	787,557.91	1,199,355.49
Curr&Accr Liab-Regul Comm Exps	242005	0.00	0.00	0.00	0.00	0.00
Misc Curr Liab-FT2 Storage Bal	242120	722,892.62	698,594.37	684,170.22	629,124.11	979,851.60
Curr&Accr Liab-Payroll	242200	99,913.47	67,967.26	137,148.03	76,961.10	166,558.82
Curr&Accr Liab-Healthcare Accr	242201	272,000.00	273,000.00	3,503.47	298,000.00	335,000.00
Curr&Accr Liab-Vac Accrual	242203	1,776,600.00	1,779,133.28	1,721,700.00	1,647,700.00	1,615,700.00
Curr&Accr Liab-NGUSA Goals	242204	1,811,964.41	2,202,570.02	1,231,156.55	1,505,887.81	2,014,956.73
Curr&Accr Liab-TDI Reimb	242210	(76,114.79)	(143,052.69)	0.00	0.00	0.00
Curr&Accr Liab-Health Dental	242212	109,092.94	104,783.22	55,963.10	61,120.06	98,549.56
Curr&Accr Liab-FAS106 Recovery	242213	(1,526.64)	(1,526.64)	(1,526.64)	(1,526.64)	(1,526.64)
Curr&Accr Liab-Acct Pay Accl	242215	247,221.70	221,498.64	128,562.94	258,614.66	231,441.15
Accrued Nonqual Pension-Curr	242258	209,619.00	536,000.00	536,000.00	536,000.00	536,000.00
Curr&Accr Liab-R Ref-C&LM	242300	5,154,240.87	1,732,273.23	2,362,500.29	2,485,188.23	1,336,917.69
Misc Curr Liab-Defd Rev-GCC	242333	5,352,890.63	9,707,371.36	5,886,884.82	1,218,547.57	(5,663,875.11)
Misc Curr Liab-Df Rev-Weather	242336	(1,572,928.09)	1,471,557.03	2,045,871.30	2,306,908.92	2,269,336.15
Oth Def Cr-Reconcile Factor	242355	(230,628.98)	(195,121.26)	(300,057.70)	(332,856.59)	(352,301.15)
Misc Curr & Accr Liab		13,875,237.14	18,455,047.82	14,491,876.38	10,689,669.23	3,566,608.80
Explore & Dev Prop Cap Lease		0.00	0.00	0.00	0.00	0.00
Deriv Instr Liab Hedges-Curr	245000	33,015,344.29	25,946,907.69	25,475,168.00	35,036,938.00	37,441,446.50
Derivative Instrument Liab		33,015,344.29	25,946,907.69	25,475,168.00	35,036,938.00	37,441,446.50
<b>TOTAL CURRENT LIABILITIES</b>		<u><b>962,734,504.57</b></u>	<u><b>672,245,616.98</b></u>	<u><b>714,922,557.13</b></u>	<u><b>807,735,619.57</b></u>	<u><b>912,211,748.86</b></u>
<b>DEFERRED CREDITS</b>						
ACCUMULATED DEFERRED INCOME TAX						
OTHER PROPERTY						
ADFIT-Property Related	282201	66,092,548.89	58,438,076.35	64,464,467.80	68,901,208.07	78,204,435.70
ADFIT-FAS 109	282466	16,800.10	227,200.10	227,200.10	227,200.10	227,200.10
Other Property FIT		66,109,348.99	58,665,276.45	64,691,667.90	69,128,408.17	78,431,635.80
Other Property SIT		0.00	0.00	0.00	0.00	0.00
SUBTOTAL OTHER PROPERTY		<u>66,109,348.99</u>	<u>58,665,276.45</u>	<u>64,691,667.90</u>	<u>69,128,408.17</u>	<u>78,431,635.80</u>
OTHER ADIT						
ADFIT-R/A-OPEB	283016	(97,157.00)	(988,134.15)	(1,071,346.65)	(4,666,631.70)	(4,848,741.75)
ADFIT-Unamrt Debt Disc or Prem	283049	(0.32)	(0.32)	(0.32)	(0.32)	(0.32)
ADFIT-R/A-Decommissioning	283086	(1,229,000.00)	(1,229,000.00)	(1,229,000.00)	(1,229,000.00)	0.00
ADFIT-FAS 109	283100	9,046.21	122,338.21	122,338.21	122,338.21	122,145.21

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ADFIT-R/A-Pensions	283112	636,454.00	(2,733,749.40)	(2,878,491.90)	(3,112,990.15)	(2,055,850.60)
ADFIT-Property Taxes	283149	4,304,106.45	4,304,106.45	4,304,106.45	4,304,106.45	4,445,730.85
ADFIT-R/A-Other	283152	643,989.13	(3,400,027.33)	(1,667,292.93)	1,477,348.07	5,796,690.57
ADFIT-R/A-Environmental	283154	9,733,398.75	10,140,542.08	10,061,348.80	10,106,288.69	10,159,953.24
ADFIT-FAS158-Pension	283158	0.00	0.00	(144,744.00)	(290,913.00)	(436,368.00)
ADFIT-R/A-X Rate Base	283163	33,032,591.80	34,242,752.41	33,937,572.47	33,359,888.72	32,848,162.71
ADFIT-Fin48-DFIT	283450	(1,082,190.00)	12,235,097.00	12,235,097.00	12,235,097.00	12,235,097.00
Other FIT		45,951,239.02	52,693,924.95	53,669,587.13	52,305,531.97	58,266,818.91
Other SIT		0.00	0.00	0.00	0.00	0.00
SUBTOTAL OTHER ADIT		45,951,239.02	52,693,924.95	53,669,587.13	52,305,531.97	58,266,818.91
Oil and Gas		0.00	0.00	0.00	0.00	0.00
SUBTOTAL ACCUM DEF INCOME TAX		<b>112,060,588.01</b>	<b>111,359,201.40</b>	<b>118,361,255.03</b>	<b>121,433,940.14</b>	<b>136,698,454.71</b>
Accum Def Inv Tax Credit		0.00	0.00	0.00	0.00	0.00
Injuries & Damages Reserve	228200	180,000.00	265,000.00	195,000.00	195,000.00	115,000.00
Asset Retirement Obligation	230000	3,133,554.83	3,002,999.84	3,045,129.85	3,087,259.86	3,129,389.87
Other Non Current Liab		3,313,554.83	3,267,999.84	3,240,129.85	3,282,259.86	3,244,389.87
Construction Advances	252000	2,496,154.35	4,938,533.10	5,212,623.10	6,124,475.88	5,584,444.10
Cust Adv for Construction		2,496,154.35	4,938,533.10	5,212,623.10	6,124,475.88	5,584,444.10
Def Cr-Miscellaneous	253000	(12,830.78)	720,374.16	717,338.72	717,368.82	717,653.57
Def Cr-Highway Reloc Billed	253002	1,148,878.96	1,666,685.42	1,625,409.76	2,085,036.13	1,608,505.33
Def Incentive Comp	253003	11,188.35	12,741.13	12,532.69	12,532.69	0.00
Def Cr-Hazardous Waste	253006	27,695,939.92	26,546,417.87	26,017,579.16	26,032,580.18	25,570,312.99
Pension Costs	253027	41,547,487.52	38,700,453.52	37,036,702.52	35,076,106.52	29,074,954.52
Def Incentive Comp-Pensions	253031	0.00	0.00	(15,485.05)	0.00	0.00
Oth Def Cr-Dsm Rebate(Res&C/I)	253045	1,229,462.61	1,547,346.92	1,684,392.20	1,750,290.81	1,814,254.67
FAS 106 Recovery	253106	44,846,877.15	43,737,541.58	44,368,423.02	33,857,649.92	26,033,478.32
FAS 112	253112	1,364,585.00	1,384,850.00	1,405,115.00	1,425,380.00	1,844,581.00
Long-Term Interest Payable	253480	129,571.05	271,098.38	314,267.38	298,142.38	342,605.38
KS-Deriv MTM Regulated-LT	253509	9,449,403.00	2,109,127.00	2,141,941.00	6,782,578.00	14,410,802.00
Hazwaste Prov - Beg Bal	253941	0.00	0.00	1,191,926.88	1,191,926.88	1,191,926.88
Hazwaste Prov - Unwind Disc	253947	644,640.27	1,191,926.88	0.00	0.00	0.00
Other Deferred Credits		128,055,203.05	117,888,562.86	116,500,143.28	109,229,592.33	102,609,074.66
Def Rev-Nonfirm Margin Sharing	254034	(79,492.54)	165,052.80	26,816.20	(36,017.01)	660,201.42
Miscellaneous Liabilities	254080	0.00	0.00	0.00	0.00	4,078,116.00
Excess Earnings	254105	820,833.96	(0.05)	749,999.96	1,304,328.15	2,172,560.92
Capital Tracker	254232	32,100.69	6,021.24	(373,818.73)	(791,529.71)	(1,472,633.96)
Storage Deferral	254237	(4,349,409.00)	0.00	(3,116,664.00)	(4,710,558.00)	(3,655,801.00)
Gas Futures - Gas Supply	254569	1,809,578.50	1,485,004.00	227,026.00	166,803.00	277,319.10
RDM Revenue Decoupling	254573	0.00	0.00	0.00	140,527.23	0.00
Other Regulatory Liab		(1,766,388.39)	1,656,077.99	(2,486,640.57)	(3,926,446.34)	2,059,762.48
FAS 109	254000	307.69	307.69	307.69	307.69	307.69
FAS 109-CR		307.69	307.69	307.69	307.69	307.69
<b>TOTAL DEFERRED CREDITS</b>		<b>244,159,419.54</b>	<b>239,110,682.88</b>	<b>240,827,818.38</b>	<b>236,144,129.56</b>	<b>250,196,433.51</b>
<b>TOTAL LIABILITIES</b>		<b>1,283,066,106.63</b>	<b>1,007,129,295.23</b>	<b>1,047,911,748.87</b>	<b>1,128,863,785.33</b>	<b>1,253,488,509.65</b>

Division 2-24-GAS

Request:

Referring to Schedule MDL-3-GAS, Page 4, please reconcile the AFUDC income of \$980,168 to the average CWIP balance of \$45,978,033 on Schedule MDL-3-GAS, Page 59, showing which balances of CWIP accrue AFUDC and which do not.

Response:

According to National Grid's policy regarding AFUDC eligibility, AFUDC is not accrued for the following work orders:

- Service installations, direct purchases of equipment and furniture, purchases of vehicles or power operated equipment.
- Purchases and installation of transformers, regulators and meters.
- Abandonments.
- Blanket projects/work orders.

In addition to the exclusions indicated above, the average Construction Work in Progress ("CWIP") balance of \$45,978,033 includes non-interest bearing work orders that have been placed in service and are pending closing. CWIP closure to Plant in Service is dependent on receipt of the final "As Built" Completion Reports from project management/engineering.

National Grid has established a Work Order Review project team to evaluate the status of open CWIP projects and what actions are required to close them out. The team is focused on process improvement opportunities to improve the flow of information from field operations.

In summary, the average CWIP balance is made up of thousands of capital work orders that all have differing cash flow characteristics related to when the capital expenditures occurred over the life of the project. For interest-bearing work orders, this would directly impact the amount of AFUDC calculated. In addition, the average CWIP balance includes a mixture of interest and non-interest bearing work orders, and therefore, the Company would not be able to reconcile the AFUDC income to the average CWIP balance.

Division 2-25-GAS

Request:

Referring to Schedule MDL-3-GAS, Page 55, please explain why the AFUDC income is not eliminated in the calculation of taxable income.

Response:

The equity AFUDC component included in net income in the test year is \$707,779 and should have been eliminated in the income tax calculation as the item is treated as flow-through for customers. Additionally, as the AFUDC component of plant depreciates for book purposes, it causes a corresponding flow-through increase in taxable income of \$10,511. This creates a flow-through reduction to taxable income of \$697,268 in the test year. The net revenue requirement impact is a reduction of \$393,648.