

April 30, 2013

VIA HAND DELIVERY & ELECTRONIC MAIL

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

**RE: Docket Nos. 4315 & 4391
2013 Electric Retail Rate Filing &
2013 Renewable Energy Standard Charge and Reconciliation**

Dear Ms. Massaro:

Enclosed are ten (10) copies of National Grid's¹ response to Commission's Record Request 1 issued to the Company during the hearing in this matter. The Company will be filing its response to Commission Record Request 2 shortly.

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

Enclosure

cc: Docket 4315 & 4391 Service Lists
Leo Wold, Esq.
Steve Scialabba, Division

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

The Narragansett Electric Company
d/b/a National Grid
Docket Nos. 4315 & 4391
In re: 2013 Electric Retail Rate Filing &
2013 Renewable Energy Standard Charge and Reconciliation
Responses to Record Requests
Issued at the Commission's Evidentiary Hearing
On March 26, 2013

Record Request 1

Request:

There is pending litigation at FERC between the Maine Yankee power plants and the Department of Energy regarding whether there are refunds that should come back to New England from decommissioning activities. Please identify the docket and the National Grid contact person (and pertinent contact information) and quantify, if possible, the amount to be allocated to Rhode Island, if any, and the effect on the CTC charge.

Response:

Background

Maine Yankee, Connecticut Yankee and Yankee Atomic (the "Yankees") operated nuclear generating units that have been permanently retired. Physical decommissioning of the units is complete and spent nuclear fuel remains on each site, awaiting fulfillment by the Department of Energy ("DOE") of its statutory and contractual obligation to remove it.

The Company's affiliate, New England Power Company ("NEP"), is a minority equity owner of the Yankees. NEP's ownership share percentage of the Yankees includes its original ownership share as well as the original ownership share percentage of Montaup Electric Company which merged with NEP following National Grid's acquisition of Eastern Utilities Associates on April 20, 2000. NEP's and Montaup's ownership share percentages are shown in the table below. NEP's ownership share of the Yankees' prudently incurred decommissioning and other costs are permitted to be recovered by NEP through NEP's Contract Termination Charges ("CTCs") pursuant to Wholesale Restructuring Settlements approved by FERC. The Company is obligated to pay 22.4 percent of NEP's CTC costs and 40.98 percent of Montaup's CTC costs. Similarly, the Company would be entitled to any proceeds NEP may receive or reductions to ongoing CTC costs of NEP and Montaup at these same percentages.

The Yankees are periodically required to file rate cases for FERC review, which present the Yankees' estimated future decommissioning costs. The Yankees are currently collecting decommissioning and other costs under FERC orders issued in their respective rate cases. The Yankees collect the approved costs from their owners, including NEP, in accordance with power contracts between each owner and each Yankee.

Record Request 1, page 2

Future estimated billings from the Yankees are based on cost estimates. These estimates include the projected costs of groundwater monitoring, security, liability and property insurance and other costs. They also include costs for interim spent fuel storage facilities, which the Yankees have constructed while they await removal of the fuel by the DOE as required by the Nuclear Waste Policy Act of 1982. It is impossible to predict when the DOE will fulfill its obligation to take possession of the Yankees' spent fuel. The decommissioning costs that are actually incurred by the Yankees may exceed the estimated amounts, perhaps substantially.

DOE Litigation

Each of the Yankees brought litigation against the DOE for failure to remove their respective spent nuclear fuel stores as required by the Nuclear Waste Policy Act of 1982 and contracts between DOE and each Yankee. On October 4, 2006, following a trial at the U. S. Court of Claims ("Claims Court") to determine the level of damages incurred by the Yankees, the Claims Court awarded the three companies an aggregate of \$143 million for spent fuel storage costs that had been incurred through 2001 and 2002. The Yankees had requested \$176.3 million. The DOE appealed to the U. S. Court of Appeals for the Federal Circuit, which rendered an opinion generally supporting the Claims Court's decision and remanded the matter to it for further proceedings. In September 2010, the Claims Court again awarded the Yankees an aggregate of approximately \$143 million. The DOE again appealed and the Yankees cross-appealed. On May 18, 2012, the Court of Appeals again ruled in favor of the Yankees, awarding them an aggregate of approximately \$160 million. A breakdown of the award is shown in the table below. The DOE sought reconsideration but, on September 5, 2012, the Court of Appeals for the Federal Circuit denied the U. S. petition for rehearing. The U. S. DOE elected not to file a petition for writ of certiorari seeking review by the U. S. Supreme Court. Thus, the awards became final. In late January 2013, the U. S. Treasury Department paid the Yankees the amounts set forth in the following table.

Yankees	NEP's Ownership Share	Montaup's Ownership Share	DOE Litigation Award (\$ millions)
Maine Yankee	20.0%	4.0%	\$81.7
Connecticut Yankee	15.0%	4.5%	\$39.7
Yankee Atomic (Mass.)	30.0%	4.5%	\$38.3

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On December 14, 2007, the Yankees brought a second action in the Claims Court to recover damages incurred subsequent to 2001 and 2002. A Claims Court trial took place in October 2011. The record is now closed, briefs have been submitted, and the Judge has the case under advisement.

FERC Proceedings

The Company understands that each of the Yankees is currently planning to make a FERC filing that would address the disposition of the DOE litigation award. However, there are no open FERC dockets at this time. It is unknown at this time how any Yankees' FERC filings may affect NEP's costs or proceeds that may be passed through the CTC to the Company. Inquiries to the Company relative to the status of future FERC filings regarding this matter can be made to Thomas R. Teehan, 280 Melrose Street, Providence, RI (401-784-7667).

Prepared by or under the supervision of: John Vaughn and William Richer

Certificate of Service

I hereby certify that a copy of the cover letter and/or any materials accompanying this certificate were electronically transmitted to the individuals listed on Docket No. 4391 and Docket No. 4315 Service Lists attached below. Paper copies of this filing were hand delivered to the Rhode Island Public Utilities Commission.

April 30, 2013

Joanne M. Scanlon

Date

**National Grid – 2013 Annual Retail Rate Filing - Docket No. 4391
Service List Updated 3/12/13**

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**Docket No. 4315 National Grid – 2013 SOS and RES Procurement Plans
Service List updated 2/28/13**

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