COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY) D.T.E. 01-103

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY'S
SECOND SET OF INFORMATION REQUESTS
OF THE ATTORNEY GENERAL

Instructions

1. Please provide one (1) copy of your responses to the following information requests to counsel for Fitchburg Gas and Electric Light Company, Patricia M. French, LeBoeuf, Lamb, Greene & MacRae, L.L.P., 260 Franklin Street, Boston, Massachusetts 02110. If possible, please provide notice to counsel so that a messenger may be dispatched to retrieve such responses by hand.

2. Please provide your responses as soon as each is available, but no later than five (5) days from receipt of these requests.

3. For ease of reference, Fitchburg Gas and Electric Light Company is identified herein as "FG&E" or "the Company."

4. Please provide each response in writing on a separate piece of paper with a recitation of the request, a reference to the request number, the docket number on the case, the date of the response and the name of the person responsible for the answer.

5. Please be advised that these requests shall be deemed continuing so as to require further supplemental responses if the Office of the Attorney General or its witnesses receives or generates additional information within the scope of these requests between the time of the original response and the close of the record in this proceeding.

6. The term "document" is used in its broadest sense and includes, without limitation, writings, drawings, graphs, charts, photographs, phono-records, microfilm, microfiche, computer printouts, correspondence, handwritten notes, records or reports, bills, checks, articles from journals or other sources, and other data compilations from which information can be obtained, and all

copies of such documents that bear notations or other markings that differentiate such copies from the original.

7. If the Office of the Attorney General finds that any one of these requests is ambiguous, please notify counsel for the Company so that the request may be clarified prior to the preparation of a written response.

8. If a question or response refers to an information request of another party or another proceeding, please provide an answer that supplements that response, if applicable, and attach a copy of that response.

Information Requests

2-1 Please confirm that the Attorney General's and Mr. Effron's responses in FGE 1-10 and FGE 1-12 are intended to reference DTE 99-110 (Phase II), as indicated in the question as filed, and not D.T.E. 99-150 (which appears to be a fictional docket).

2-2 In response to FGE 1-8, Mr. Effron states that he believes that the method he uses to calculate generation lost revenue is "generally consistent" with the lost revenue calculation described in the referenced section of the Attorney General's Initial Brief in DTE 99-110.

(a) Has Mr. Effron reviewed the Attorney General's brief in D.T.E. 99-110 at pp. 31-32?
(b) Compare and contrast how the Attorney General's proposed method referenced at pp. 31 –32 of the Initial Brief in D.T.E. 99-110 intended to treat depreciation and rate of return from FG&E's most recent rate case with Mr. Effron's proposal to exclude these costs from the generation revenue requirements in his lost revenue calculation.
(b) Is it Mr. Effron's position that there is not a material difference between these two generation lost revenue calculations relative to the treatment of depreciation and rate of return?

2-3 In response to FGE 1-9, no response is given for what is meant by "corresponding transition charge costs," as referenced in the Attorney General's Initial Brief in D.T.E. 99-110 (Phase II) at 32. Please provide Mr. Effron's position on what these words mean, given his experience and expertise.

2-4 In response to FGE 1-10, Mr. Effron states that he is "not aware of any difference between the proposed lost revenue methodology for FG&E and the method approved by the Department for Cambridge Electric Light Co. and Commonwealth Electric Company."

(a) Is Mr. Effron aware that the lost revenue method approved by the Department for Cambridge Electric Light Co. and Commonwealth Electric Company in D.T.E. 99-90-C included depreciation and rate of return from the those companies most recent rate case in the calculation of generation lost revenues?
(b) Is it Mr. Effron's position that there is not a material difference between his generation lost revenue calculation and that approved by the Department in D.T.E. 99-90-C relative to the treatment of depreciation and rate of return?

2-5 Is Mr. Effron aware of any precedent in any restructuring-related rate reconciliation proceeding involving any other Massachusetts utility where a lost revenue calculation was performed using a method that excluded depreciation and rate of return from the lost revenue calculation as proposed by Mr. Effron in this proceeding? If yes, please provide copies of any regulatory orders approving such a method, including appropriate citations.

2-6 Is Mr. Effron's lost revenue calculation as proposed in this proceeding the same as that proposed by the Attorney General in restructuring-related rate reconciliation proceedings involving other Massachusetts utilities? If yes, please provide appropriate citations and all supporting documentation, including but not limited to testimony, briefs and orders approving or disallowing such treatment.

2-7 In response to FGE 1-12, Mr. Effron states that he believes that there is "an implicit assumption that the allowance for generation expenses in the cost of service...was adequate to compensate the Company for change in its generation expenses, taken as a whole, up until the time of divestiture."
(a) Please define "generation expenses in the cost of service" as used in this response.
(b) If this definition <u>excludes</u> depreciation and rate of return from generation expenses, please explain whether or not Mr. Effron believes the allowance for these items (i.e. rate of return and depreciation) in the Company's cost of service contributed toward the adequate compensation of changes in generation costs since DPU 84-145-A, taken as a whole, up until the time of divestiture.

2-8 Is Mr. Effron aware of any precedent or of any utility using a net of tax method for calculating the carrying cost on the cumulative under- or over-recovery balance on restructuring rate reconciliation mechanisms involving a distribution or electric company under the jurisdiction of the Department?

2-9 (a) Please explain how the normalized tax expense associated with interest income on rate reconciliation mechanisms is recovered in the Company's rates.

(b) How would the tax expense associated with interest income be recovered in rates under Mr. Effron's proposed net of tax method for calculating carrying cost on the cumulative over recovery balance on rate reconciliation mechanisms?

CERTIFICATION

I, Patricia M. French, certify that I caused to have served a copy of the within Motion and Second Set of Information Requests on the service list on file with the Secretary of the Department of Telecommunications and Energy for D.T.E. 01-103.

Dated at Boston, this 16th day of July, 2002.

Patricia M. French