



State of Rhode Island and Providence Plantations

DEPARTMENT OF ATTORNEY GENERAL

150 South Main Street • Providence, RI 02903

(401) 274-4400

TDD (401) 453-0410

Patrick C. Lynch, Attorney General

February 20, 2009

Luly E. Massaro, Clerk
Public Utilities Commission
89 Jefferson Blvd.
Warwick, RI 02888

Re: Docket No. 4034

Dear Ms. Massaro,

Pursuant to a request of the Commission, I am writing on behalf of the Division of Public Utilities and Carriers ("Division") to provide comment with respect to the filing entitled National Grid Gas FY 2010 Final Accelerated Replacement Filing dated February 17, 2009 (the "Filing").

Historically, neither the Commission nor the Division has "approved" capital replacement programs that the gas utility has submitted to the Commission from time to time. The Division does not possess the detailed data or expertise of the gas distribution system of The Narragansett Electric Company ("National Grid-Gas" or the "Company") to properly assess, on a location by location basis, the integrity of the Company's bare steel and cast-iron mains and high-pressure inside meter sets. Moreover, as with any capital replacement plan, the specifics of the Accelerated Replacement Plan ("ARP") may no doubt change with the passage of time, the availability of resources and as other circumstances dictate.

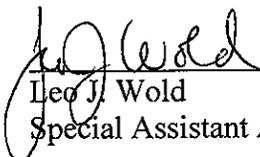
Nonetheless, the Division has reviewed the aforementioned replacement plan, the testimony and exhibits relative to the ARP proffered by the Company in Docket No. 3943, as well as information provided during the technical conference on February 6, 2009 before the Commission. Based on its review of the information provided by the Company, the Division can state that the Filing appears to constitute a reasonable approach by the Company in fulfilling the requirements of the ARP. The Filing is also consistent with the testimony proffered by Company representatives in Docket No. 3943.

In National Grid-Gas' proposed FY 2010 capital replacement program, the Company anticipates replacing annually approximately 1,717 high-pressure, unprotected steel services that have inside meter sets. In order to monitor National Grid-Gas' progress regarding the ARP, the Division recommends that the Company provide the Commission and the Division with a monthly list of the completed service locations and their associated costs during the replacement period. The Division also recommends that National Grid-Gas submit a monthly status report to the Commission and Division detailing the main replacements that were commenced and completed in the prior month. With respect to completed projects identified in the report, the Company should identify each project's location and known or estimated final cost.

As discussed above, this letter should not be construed to direct or otherwise instruct the Company as to how it should properly formulate or implement its capital replacement program. Nor should this letter be deemed to reflect the Division's position with respect to any issue, ruling or aspect of Order No. 19563, and the Division does not, by this letter, waive any of its rights to move to alter, amend or modify that Order should it deem it appropriate to do so.

Thank you for your attention to this matter. If the Commission should have any questions or comments, please do not hesitate to contact me.

Division of Public Utilities and Carriers
By its attorneys


Leo J. Wold
Special Assistant Attorney General

cc: Thomas F. Ahern, Administrator
James Lanni, Associate Administrator