



State of Rhode Island and Providence Plantations

DEPARTMENT OF ATTORNEY GENERAL

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Patrick C. Lynch, Attorney General

March 26, 2010

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

Re: Docket No. 4034

Dear Ms. Massaro,

Enclosed for filing with the Commission, please find the comments of the Division of Public Utilities and Carriers ("Division") in connection with the above entitled-matter.

On January 29, 2010, The Narragansett Electric Company, d/b/a National Grid (the "Company") conferred with the Division and Commission in a technical session to review the Company's proposed FY 2011 Accelerated Replacement Plan ("ARP") Program. During the technical session, the Division raised several concerns regarding the FY 2010 ARP Program, and indicated that it hoped that the Company would address these concerns in the proposed FY 2011 ARP Program. First, the Division expressed the concern that the Company had overestimated the overall cost of projects detailed in its FY 2010 ARP Program. The Company stated in its February 16, 2010, FY 2010 ARP Program Report, that these overestimates were attributable to "competitive contract terms" and "efficient field practices," which had subsequently resulted in reductions to the cost of ARP Program projects. The Division indicated that it hoped the Company would apply actual 2010 ARP Program cost experience to the FY 2011 ARP Proposal. After reviewing the proposed FY 2011 ARP Program, the Division observes that the Company apparently concurs, as it has lowered the projected costs (used to obtain the average cost per foot of installation) from those contained in the FY 2010 ARP Program.

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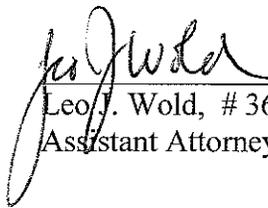
The second issue raised by the Division was the need for the Company to provide more information regarding the monthly data, which the Company supplies to the Division for review. The Company has addressed this concern, providing a summary table as part of each monthly report that shows the following: (1) work order status, (2) footage completed to date, (3) scope changes, (4) costs incurred to date, (5) remaining spend, and (6) projected year-end spending.

The Division also expressed concern regarding Project #608, "Saint Theresa Street" in Warren, Rhode Island. The Division inquired how this particular project came to be included in the FY 2010 ARP Program when the nature of project pertained to removing water that had found its way into a customer's natural gas service line. Although the project was not initially identified as an original work project, the Company indicated that it had added the project to the FY 2010 ARP Program in order to supplement scheduled projects that had been cancelled (*e.g.*, municipal funded projects). As stated in the Company's FY 2011 ARP Program, "[t]he proposed ARP plan represents an ongoing commitment toward significantly reducing the number of leaks experienced by the Company on a year-to-year basis, which should produce safety, reliability, and environmental benefits." The Division believes the Company should adhere to leak replacement criteria as a qualifier for placing a project on the ARP Program waiting list.

Without waiving the last of the aforementioned concerns, the Division recommends that the Commission approve the Company's proposed FY 2011 ARP Program as filed.

Respectfully submitted,

Division of Public Utilities and Carriers
By its attorneys,



Leo J. Wold, # 3613
Assistant Attorney General

cc: Service List