



State of Rhode Island and Providence Plantations

DEPARTMENT OF ATTORNEY GENERAL

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Peter F. Kilmartin, Attorney General

February 14, 2011

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

**Re: Docket No. 4219 - Gas Infrastructure, Safety, and Reliability Plan
FY 2012 Proposal**

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. These comments are focused on the programmatic aspects of the Plan. Our comments on the revenue requirement effects of the Plan will be addressed in a separate submission.

On August 18, 2010, the Narragansett Electric Company d/b/a National Grid (“National Grid”) submitted its proposed FY 2012 Gas Infrastructure, Safety, and Reliability Plan to the Division. The Division sent out a number of data requests, and further, met with the Company at a technical conference on October 13, 2010 to review the Company’s proposed FY 2012 ISR Plan. The Company developed the proposed Gas ISR Plan in compliance with Rhode Island’s recently enacted legislation, which provides for an annual infrastructure spending plan for each fiscal year. The recently enacted legislation also includes a reconcilable allowance for the anticipated capital investments and other spending relating to maintaining safety and reliability of the gas distribution system.¹

¹ R.I.G.L. § 39-1-27.7.1

The Company's Gas ISR Plan consists of five (5) components, which will be discussed separately below:

1. Gas main and gas service replacement
2. Reactive gas main replacement
3. Public works projects
4. Mandated programs
5. Reliability programs

1. Gas Main and Gas Service Replacement

The Gas Main and Gas Service Replacement program is the same program known as the Accelerated Main Replacement Program (ARP) approved by the Commission in Docket 4034. This program, already approved, is merely being subsumed into the proposed Gas ISR Plan to reduce the need to submit a separate ARP Plan for FY 2012 and beyond. This program is a continuous effort to replace miles of leak-prone gas mains and high-risk gas services. The Company will increase their effort to replace 45 miles of leak-prone gas mains in FY 2012 compared to approximately 30 miles in FY 2011 which the Division agrees wholeheartedly is a step in the right direction.

2. Reactive Gas Main Replacement

The Reactive Gas Main Replacement program sets aside finances to be able to respond to emergency gas main breaks beyond the Company's control. Situations such as cast iron main cracks due to frost heave, gas mains undermined by water main breaks and gas mains and services damaged by excavators are unfortunately a common occurrence in the gas distribution system. For example, in 2010 alone, the Division recorded almost 170 gas mains or services were damaged in Rhode Island by either homeowners or excavators.

3. Public Works Projects

The Public Works Projects category sets aside finances to be able to replace existing infrastructure at the same time another utility project is taking place on the same street. By piggybacking with another entity the Company may benefit by reducing their overall cost of installation. The Division has consistently advocated that the Company take advantage of such public works projects to reduce their paving costs, by far the highest cost component of any gas main installation. The Division supports the practice of the utilities scheduling their underground construction with planned public works projects to reduce paving costs that would be incurred by the utilities and ultimately their customers.

4. Mandated Programs

The Mandated Programs category is broken down into three subprograms: (1) cathodic protection for existing steel-coated mains, (2) gas meter replacement, and (3) capital leak repairs. The Division does not take issue with the required gas meter replacement program which is a mandated program found in Docket 3476 – Service Quality Plan. Nor does the Division take issue with the Capital Leaks program, since gas leak repairs are an inherent problem associated with any gas distribution system that contains leak-prone pipe such as bare steel and cast iron.

For the record the Division questions the Company's plan to finance the installation of cathodic protection on ten miles of pre-1971 coated steel gas main at the cost of \$455,000². Per Data Request NEGWA 1-17, National Grid, R.I.P.U.C. Docket No. 3943, Rhode Island Gas Rate Case, Responses to N.E. Gas Workers Assoc. Data Requests – Set 1, Issued on August 6, 2008, shown below, the Company responded in a negative manner when questioned about the suitability of cathodically protecting unprotected pre-1971 coated steel gas pipe.

The Division has a concern regarding the effectiveness of this program, based in part on this reply. The Division requests the Company provide a detailed report to the Division and the Commission as to the success of this program at the conclusion of the Plan year.

5. Reliability

The Reliability category is broken down into six subprograms: (1) System automation and control, (2) System pressure regulating facilities (including heaters and control line integrity), (3) System reliability enhancement, (4) Water intrusion projects, (5) LNG facilities, and (6) Primary valve installation and/or replacements. For the record the Division supports the Company's plan to finance these six subprograms as all the programs listed above will provide additional reliability to the gas distribution system,

² Page 17 of 25 RE: FY 2012 GAS INFRASTRUCTURE, SAFETY, AND RELIABILITY PLAN, WITNESS SUSAN L. FLECK provides as follows:

Request:

Susan Fleck's direct testimony in docket 3943, page 16, lines 3 and 4 claims "Much of the remaining 240 miles of unprotected coated steel pipe is not suitable for cathodic protection." Please explain why.

Response:

Poorly or ineffectively coated pipe can require a relatively high level of current to protect, which would end up being detrimental to other underground facilities located in close proximity. In addition, these segments could be cost-prohibitive to electrically isolate and protect.

Prepared by or under the supervision of: Susan Fleck

however, the Division notes that the installation of system automation and controls is not a Federal mandated program as stated on page 19 of 25 RE: FY 2012 GAS INFRASTRUCTURE, SAFETY, AND RELIABILITY PLAN, WITNESS: SUSAN L. FLECK shown below:

1. System Automation and Control

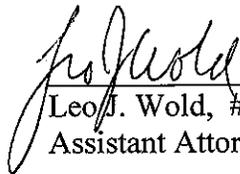
Q. WHAT IS THE PURPOSE OF THE SYSTEM AUTOMATION AND CONTROL PROGRAM?

A. The primary purpose of this program is to meet the new DOT code requirements aimed at modernizing system data and telemetry recording and increasing the level of system automation and control, thereby reducing the potential for human error. See 49 CFR §192, Docket ID 2007-27954.

Without waiving the aforementioned concerns, the Division recommends that the Commission approve the Company's proposed FY 2012 ISR Plan as filed.

Respectfully submitted,

Division of Public Utilities and Carriers
By its attorneys,



Leo J. Wold, # 3613
Assistant Attorney General

cc: Service List