

August 15, 2011

**VIA HAND DELIVERY & ELECTRONIC MAIL**

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

**RE: Docket 4219 - Gas Infrastructure, Safety, and Reliability Plan FY 2012**

Dear Ms. Massaro:

On behalf of National Grid<sup>1</sup>, I have enclosed ten (10) copies of the first quarterly report regarding the Gas Infrastructure, Safety and Reliability (“ISR”) Plan for FY 2012. Pursuant to the provisions of the approved ISR plan, the Company committed to providing quarterly reports on the progress of its pipeline and service replacement work to both the Commission and the Division. Since this is the first quarterly report under the Plan, the Company welcomes any suggested changes to the format or content of the report.

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 4219 Service List  
Leo Wold, Esq.  
Steve Scialabba  
James Lanni  
Don Ledversis

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<sup>1</sup> The Narragansett Electric Company d/b/a National Grid (hereinafter referred to as “National Grid” or the “Company”).

Certificate of Service

I hereby certify that a copy of the cover letter and/or any materials accompanying this certificate were electronically transmitted and sent via U.S. Mail to the individuals listed below. Copies of this filing were hand delivered to the RI Public Utilities Commission.



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Joanne M. Scanlon  
National Grid

August 15, 2011  
Date

**Docket No. 4219 National Grid's FY 2012 Gas Infrastructure, Safety and Reliability Plan - Service List 2/3/11**

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<b>File an original &amp; nine (9) copies w/:</b> Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick RI 02888	<a href="mailto:Lmassaro@puc.state.ri.us">Lmassaro@puc.state.ri.us</a>	401-780-2107
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# **Gas Infrastructure, Safety and Reliability Plan**

## **The Narragansett Gas Company**

### **FY2012 Quarterly Update**

#### **First Quarter - Ending June 30, 2011**

##### **Executive Summary**

Fiscal year 2012 (FY12) first quarter results (*Attachment A*) show the Company spent \$14.9m for non-growth capital investment projects against an annual approved budget of \$53.6m, representing 28% of the total FY12 budget. The Company originally anticipated spending for the first quarter to be equal to 21% of the total FY12 budget. In the sections below relating to specific investment categories, the Company explains the primary drivers for the higher/lower spend during the first quarter.

However, despite the higher first quarter spend, the Company anticipates that the overall spend for the entire fiscal year will be at or near FY12 budget.

##### **FY12 Capital Outlays by Key Driver Category**

###### ***Proactive Main Replacement Program:***

To date, the Company has replaced 21 miles of the planned 45 miles of leak prone gas pipe for FY12 (47% complete to-date). The Company's total leak prone gas pipe replacement program is ahead of planned mileage and spend, but is forecast to be on budget for year-end.

###### ***Service Replacement Program:***

Year-to-date the Company has replaced 551 bare steel services of the planned 2,125 services for FY12 (26% complete to-date). Additionally, the Company intends to eliminate 306 farm taps<sup>1</sup> as part of the overall FY12 Service Replacement Program ("SRP"), thus keeping this year's program replacements at the original total of 2,125 services. To-date the Company has eliminated 48 of the 306 farm taps indentified (16% completion). The Company anticipates that some of the farm tap eliminations may be more costly than a typical bare steel service replacement. The Company will closely monitor spending and update the Division with any changes to that program that might result from the inclusion of the farm tap work.

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<sup>1</sup> As discussed with the Division on April 1, 2011, National Grid has identified approximately 306 farm taps on its system that require timely remediation.

***Public Works:***

City / State construction activity is ahead of plan for FY12 first quarter. The Company projects that Public Works spending will exceed the FY12 budget by approximately \$2.2m primarily due to two additional phases of the Narragansett Bay Commission projects (NBC) that were agreed to after the ISR filing was approved by the Commission. However, the additional spend will be partially offset by reimbursements from the NBC. The timing of the reimbursable offsets has yet to be determined. Adjustments to the planned forecast will be identified in second quarter report.

***Reactive Main Replacement:***

To-date the Company has not replaced any leak prone gas main under this program.

***Mandated Programs:***

The mandated program actual spending is approximately \$1.9m over the forecast spending for the first quarter of FY12. The over run is primarily due to spending in the Capital Leak Repair and Meter Work categories. The Company has undertaken an analysis to determine the drivers associated with the variance.

***Reliability:***

Reliability programs for the first quarter of FY12 are currently under budget primarily due to the delayed start for work at regulator stations, the Exeter LNG facility and an overall system automation project for control line and monitoring equipment. Absent of any permitting issues, the Company intends to be on plan with this program.

**US Gas Distribution  
The Narragansett Gas Company  
(\$000)**

<b>INVESTMENT CATEGORIES</b>	<b><u>FYTD</u></b>			<b><u>FY2012 Total</u></b>		
	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>Forecast</b>	<b>Budget</b>	<b>Variance</b>
Proactive Main Replacement	\$7,054	\$5,524	(\$1,530)	\$25,750	\$25,750	\$0
Service Replacement Program	\$1,203	\$838	(\$365)	\$3,906	\$3,906	\$0
Public Works	\$1,551	\$375	(\$1,176)	\$1,750	\$1,750	\$0
Reactive Main Replacements	\$1	\$215	\$214	\$1,000	\$1,000	\$0
Mandated Programs	\$3,890	\$1,987	(\$1,903)	\$9,259	\$9,259	\$0
Reliability	\$1,226	\$2,513	\$1,287	\$11,952	\$11,952	\$0
<b>TOTAL CAPITAL INVESTMENTS</b>	<b>\$14,925</b>	<b>\$11,452</b>	<b>(\$3,473)</b>	<b>\$53,617</b>	<b>\$53,617</b>	<b>\$0</b>