STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS PUBLIC UTILITIES COMMISSION

IN RE: NATIONAL GRID'S ELECTRIC)	
INFRASTRUCTURE, SAFETY,		
AND RELIABILITY)	DOCKET No. 4592
ISR PLAN FOR FY 2017)	
)	
)	

The Division of Public Utilities and Carriers Response to the Public Utilities Commission Record Request

To Division: RR-1 - Please provide a calculation of the proportional reduction of police detail expense in line with the reduction to cycle pruning and EHTM budgets from September 1, 2015 to the date of filing with the PUC in December.

Response:

The Police Detail/Flagman (Police Detail) estimate within the Vegetation Management (VM) Program is prepared by National Grid and considers several factors including but not limited to historical costs, costs per mile of tree trimming, and percent of total budget. The Company also takes into account anticipated Police Detail required by the specific town and municipalities where work is to be performed during the fiscal year. PowerServices and the Division in reviewing the Police Detail estimate for the proposed FY 2017 ISR Plan made no adjustment even though Cycle Trimming, Enhanced Hazard Tree Mitigation (EHTM), and Other Activity categories were reduced. The majority of the vegetation management budget reductions applied between the Company's September 22, 2015 and December 9, 2015 FY 2017 ISR filings were due to contractor bids coming in at a lower cost than initially anticipated. The net reduction was \$825,000 for a total VM budget of \$8,855,000. Of this, the Police Detail/Flagman budget was \$850,000 or 9.6% of the total VM budget.

Although the Company received favorable bid responses, the number of miles that the Company intends to trim, sideline prune or remove trees does not change. Thus, the Company must plan and budget for the same amount of Police Detail regardless of the contractor cost estimate. In responding to this record request, the Company's \$850,000 budget was reevaluated using a two-

pronged approach; historical cost/mile for Police Detail and historical cost of Police Detail as a percentage of total vegetation management expenses. A summary of these calculations follows:

					% Police Detail/
ISR Year	Miles	Total VM \$	Police Detail \$	\$/Mile	Total VM
FY 2014	1,408	8,529,815	768,950	546	9.01%
FY 2015	1,202	8,029,095	645,770	537	8.04%
FY 2016 (forecast)	1,314	8,884,000	750,000	571	8.44%
Avg. FY14-FY16				551	8.50%

Applying the historical averages to the FY 2017 budget and estimated 1,295 miles of proposed work results in the following calculated Police Detail budgets:

	Avg.\$/Mile Methodology	% Total Budget Methodology
Calculated Police Detail Budget	\$714,042	\$745,000
Original Police Detail Budget	\$850,000	\$850,000
Adjustment	(135,958)	(105,000)
Total VM	\$8,719,042	\$8,750,000
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\$/Mile	551	575
% Total Budget	8.19%	8.51%

The average \$/mile methodology results in a greater reduction (\$135,958), but one that results in the Police Detail cost forecast at 8.19% of the total VM budget, which is below the average Police Detail to total VM budget ratio of 8.5% for the prior three years. An alternate methodology, which utilizes the total VM budget as a basis to estimate Police Detail costs, provides a Police Detail budget that forecasts costs of \$575/mile, somewhat above the historical average of \$551/mile. The adjustment to Police Detail using this method would be \$105,000.

Response provided by: Gregory Booth, P.E.