



State of Rhode Island and Providence Plantations

DEPARTMENT OF ATTORNEY GENERAL

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*Peter F. Kilmartin, Attorney General*

February 8, 2017

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

**Re: Docket No. 4678 - Gas Infrastructure, Safety, and Reliability Plan FY 2018 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. The Division’s comments on the revenue requirement effects of the Plan will be addressed in a separate submission.

On December 1, 2016 the Narragansett Electric Company d/b/a National Grid (“National Grid”) submitted its proposed FY 2018 Gas Infrastructure, Safety, and Reliability Plan to the Division. The Division met with National Grid at a technical conference on December 6, 2016 to review National Grid’s proposed FY 2018 ISR Plan. National Grid developed the proposed FY 2018 Gas ISR Plan in compliance with Rhode Island General Law § 39-1-27.7.1, which provides for an annual infrastructure spending plan for each fiscal year. The statute also includes a reconcilable allowance for the anticipated capital investments and other spending relating to maintaining safety and reliability of the gas distribution system.

On January 26, 2017, National Grid submitted its revised proposed FY 2018 Gas Infrastructure, Safety, and Reliability Plan to the Division which includes costs associated with the demolition of the Cumberland LNG plant. The Division has reviewed the proposed budget of \$101.756 M (\$101.185 million in capital expenditures and \$0.571

million in O&M expenditures),<sup>1</sup> and will comment on the following five (5) components of the Program:

- (1) Public Works Projects;
- (2) Mandated Programs;
- (3) Special Project;
- (4) Proactive Gas Main and Service Replacement; and
- (5) Reliability Programs.

### **1. Public Works Projects**

The Public Works Projects category sets aside finances to replace existing infrastructure while another utility project is taking place on the same street. By working together with another entity National Grid may benefit by reducing its overall cost of installation. The Division has consistently advocated that National Grid take advantage of such public works projects to reduce its gas main installation costs.

For FY 2018, the proposed plan incorporates \$12.218 million in spending which includes \$1.327 million in reimbursable projects. The Division supports the Public Works budget that provides for the replacement of approximately ten (10) miles of leak-prone gas main consisting of cast iron main and unprotected steel main.

### **2. Mandated Programs**

The Mandated Programs category is broken down into eight (8) subprograms: Corrosion, Meter Replacements, Integrity Management, Cross Bore Remediation, Reactive Main - CI Joint Encapsulation, Reactive Service Replacements – Leaks, Reactive Service Replacements – Non-Leaks/Other, and Reactive Main Replacement - Maintenance. For FY 2018, the proposed plan incorporates \$18.672 million in spending for all of these categories. The Division supports the Mandated Programs budget.

### **3. Special Projects**

The Special Projects category pertains to the decommissioning of the LNG Tank located in Cumberland, Rhode Island. The project is broken down into three (3) Phases with Phase 1 (\$.99 million) and Phase 2 (\$1.38 million) completed in the FY 2017 budget timeframe. The actual costs of Phases 1 and 2 will be included in National Grid's FY

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<sup>1</sup> The FY 2018 ISR budget does not include \$24.22 million of projected growth and allocated spending. Total FY 2018 capital investment is \$125.41 million. See Section 2 of Plan, Page 2 of 20.

2017 reconciliation filing. Phase 3 of the project involves the final demolition of the tank with a preliminary budget amount of \$3.589 million.<sup>2</sup> National Grid expects to complete the majority of Phase 3 in FY 2018, with the final site restoration, including storm water management to occur in FY 2019. The latter costs are not included in the preliminary budget amount of \$3.589 million.

The Division continues to examine all regulations applicable to the former operation of the Cumberland LNG plant and the plant's decommissioning. The Commission should require that National Grid keep the Division and Commission informed as to the progress of the National Grid's investigation as to the cause(s) of the facility's decommissioning, and provide the Division and Commission with all reports and documents that will provide an explanation and/or analysis as to cause or causes of the facility's decommissioning. Without waiving any of its rights, the Division supports the final demolition of the Cumberland LNG plant's preliminary budget with the caveat that the onus should be on the Company to exercise its best efforts to resell or retain any and all existing high cost components currently installed, such as but not limited to, the Cryogenic pumps, the Jet Compressor, and the tanks LNG Enraf level gauge. National Grid should consult with the Division before randomly disposing of high value components such as these as part of the demolition project.

#### **4. Proactive Gas Main and Gas Service Replacement**

The Gas Main and Gas Service Replacement program is a continuous effort to replace existing miles of leak-prone gas mains. The program also encompassed replacing high-pressure, bare steel inside gas services, but this program was completed in 2015.

Regarding the gas main replacement program, National Grid forecasts spending \$54.106 million in FY 2018 on its main replacement program to replace approximately 50 miles of leak-prone gas main and 3,000 service relays, inserts or tie-ins in FY 2018. The Division supports the 19-year replacement program.

#### **5. Reliability Programs**

The Gas System Reliability category is broken down into ten (10) subprograms: Valve Installation/Replacements, System Automation, Heater Program, Pressure Regulating Facilities, Allens Ave. Multi Station Rebuild, Take Station Refurbishment, Gas System Reliability – Gas Planning, I & R Reactive, LNG Blanket, and Tools and Equipment. The proposed FY 2018 budget for spending in the Gas System Reliability category is \$11.450 million. The Division supports the Gas System Reliability budget.

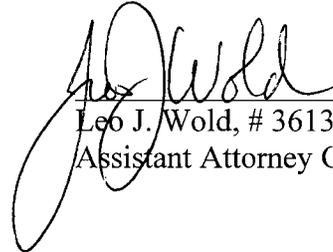
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<sup>2</sup> See page 10, EXHIBIT 1S – JBC RIPUC DOCKET NO. 4678, FY 2018 Gas Infrastructure, Safety, and Reliability Plan (Revised) Section 1: Introduction and Summary Page 3 of 6. The estimate is considered a Level II estimate, which has a projected accuracy of +/- 25 percent.

Based on and subject to the foregoing, the Division recommends that the Commission approve the Company's proposed FY 2018 ISR Plan.

Respectfully submitted,

Division of Public Utilities and Carriers  
By its attorneys,



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Leo J. Wold, # 3613  
Assistant Attorney General

cc: Service List