

New Budgeting Parameters and Principles for the Gas ISR

Draft 10/18/2023

1	Category Budget #1	(1) Non-Discretionary/Reactive/Mandatory	
2		Public Works	Self-Standing Budget for entire category; uncapped -- subject only to prudence review, as long as the definition for this category is strictly met.
3		Mandated Programs	
		Damage/Failure (Reactive)	

4		(2) Discretionary Proactive Main Replacement	
5	Category Budget #2A	Main Replacement Proactive (High Risk LPP only)	Self-Standing Budget with annual CAP; cap may be exceeded by [X]%, subject to Company justifying cost overrun in reconciliation.
6	Category Budget #2B	Main Rehabilitation	Self-Standing Budget with annual CAP
7	Category Budget #2C	Other Special Projects Approved by Commission	Self-Standing Budget with annual CAP

8		(3) Reliability Initiatives (excluding multi-year specific projects)	
9	Category Budget #3A	General initiatives included in Gas ISR "Reliability" category, including smaller individual projects expected to be completed in less than two fiscal years.*	Self-Standing Budget with annual CAP
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11	Category Budget #3B	Tools & Equipment	Self-Standing Budget with annual CAP
12	Category Budget #3C	LNG-related	Self-Standing Budget with annual CAP

13	Individual Project Budgets	(4) Large Multi-Year Reliability Projects*	
14		These projects may arise out of reliability issues, but will be removed from the reliability categories above.	Each individual project will have a self-standing aggregated total multi-year project budget, with an individual budget CAP to be established in the ISR process based on the aggregate approved forecasted project cost total.

15	Southern RI Gas Project	(5) Southern RI Gas Project Prospective Capital Costs	
16		Forecasted costs from FY 2025 thru Completion	Project will have a self-standing aggregated total multi-year project budget of forecasted costs from FY 2025 until project completion, capped in the FY 2025 ISR process.

17		(6) Paving Costs	
18		ISR Fiscal Year Costs Incurred from Street Paving	Costs incurred for street paving removed from capital and treated as an O&M expense annually covered by ISR.

19		GENERAL PRINCIPLES FOR CAPITAL PROJECTS:	
20		(A)	Company held to seven specified "category annual budgets" and other specified project budgets.
21		(B)	No shifting of funds between categories or project budgets permitted.
22		(C)	Except in the case of Non-Discretionary, if a specified budget is exceeded, Company may not include amount of budget overrun in ISR capital additions through the ISR rate mechanism.
23		(D)	Company may seek to include budget overrun in rates in the next rate case or via a special process as determined by Commission.

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- *List of Currently Identified reliability initiatives:**
- System Automation
 - Heater Installation Program
 - Pressure Regulating Stations
 - Take Station Refurbishment
 - Valve Installation/Replacement
 - I&R Reactive
 - Distribution Over Pressure Protection
 - Replace Pipe on Bridges
 - Asset Protection Remediation
 - Others may be added by Commission.

- **List of Currently Identified Specially-Tracked Reliability Projects:**
- Heater Installation Program - Wampanoag Trail Heaters Replacement
 - Allens Avenue Multi-Station Rebuild
 - Take Station - Tiverton GS Ownership Transfer
 - Others may be added by Commission.