

September 30, 2013

**VIA HAND DELIVERY & ELECTRONIC MAIL**

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

**RE: Docket 4380 - Gas Infrastructure, Safety, and Reliability Plan FY 2014  
Quarterly Report – 1st Quarter FY 2014**

Dear Ms. Massaro:

On behalf of National Grid<sup>1</sup>, I have enclosed ten (10) copies of the Company's quarterly report for the first quarter of FY 2014 regarding the Company's Gas Infrastructure, Safety and Reliability ("ISR") Plan for FY 2014. Pursuant to the provisions of the approved ISR plan, the Company committed to providing quarterly reports on the progress of its Gas ISR programs to both the Commission and the Division.

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 4380 Service List  
Leo Wold, Esq.  
Steve Scialabba  
James Lanni  
Don Ledversis

---

<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 has been electronically transmitted, sent via U.S. mail or hand-delivered to the individuals listed below.



\_\_\_\_\_  
Joanne M. Scanlon

September 30, 2013  
Date

### **Docket No. 4380 National Grid's FY 2014 Gas Infrastructure, Safety and Reliability Plan - Service List 1/15/13**

<b>Name/Address</b>	<b>E-mail Distribution</b>	<b>Phone</b>
Thomas R. Teehan, Esq. National Grid. 280 Melrose St. Providence, RI 02907	<a href="mailto:Thomas.teehan@nationalgrid.com">Thomas.teehan@nationalgrid.com</a>	401-784-7667
	<a href="mailto:celia.obrien@nationalgrid.com">celia.obrien@nationalgrid.com</a>	
	<a href="mailto:raquel.webster@nationalgrid.com">raquel.webster@nationalgrid.com</a>	
	<a href="mailto:Joanne.scanlon@nationalgrid.com">Joanne.scanlon@nationalgrid.com</a>	
Leo Wold, Esq. Dept. of Attorney General 150 South Main St. Providence, RI 02903	<a href="mailto:Lwold@riag.ri.gov">Lwold@riag.ri.gov</a>	401-222-2424
	<a href="mailto:Sscialabba@ripuc.state.ri.us">Sscialabba@ripuc.state.ri.us</a>	
	<a href="mailto:Jlanni@ripuc.state.ri.us">Jlanni@ripuc.state.ri.us</a>	
	<a href="mailto:Dledversis@ripuc.state.ri.us">Dledversis@ripuc.state.ri.us</a>	
	<a href="mailto:dmacrae@riag.ri.gov">dmacrae@riag.ri.gov</a>	
David Effron Berkshire Consulting 12 Pond Path North Hampton, NH 03862-2243	<a href="mailto:Djeffron@aol.com">Djeffron@aol.com</a>	603-964-6526
<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
	<a href="mailto:Plucarelli@puc.state.ri.us">Plucarelli@puc.state.ri.us</a>	
	<a href="mailto:Sccamara@puc.state.ri.us">Sccamara@puc.state.ri.us</a>	

## **Gas Infrastructure, Safety and Reliability Plan**

### **FY 2014 Quarterly Update**

#### **First Quarter - Ending June 30, 2013**

##### **Executive Summary**

Fiscal year 2014 (FY 2014) first quarter results (*Attachment A*) show the Company spent approximately \$16M for non-growth capital investment projects against a quarterly budget of approximately \$14M and an annual approved budget of \$65.3M. This represents an overall over spending of \$2M for the first quarter and approximately 25% of the total FY 2014 annual budget. In the sections below, the Company explains the primary drivers for spending to-date for each category.

##### **FY 2014 Capital Spending by Category**

###### ***Proactive Main Replacement Program – \$2.9M over spending variance to budget year-to-date***

For the first quarter of FY 2014, the Company spent \$10.1M of a projected first quarter budget of \$7.2M, resulting in an over spending variance of \$2.9M. To date, the Company has installed 23 miles of new main and has abandoned 6.6 miles of leak prone pipe. At this time, the Company is on budget and on target to meet its proposed replacement of 50 miles of leak prone gas main for the fiscal year.

###### ***Service Replacement Program – \$0.4M under spending variance to budget year-to-date***

For the first quarter of FY 2014, the Company spent \$0.5M of a projected first quarter budget of \$0.9M, resulting in an under spending variance of \$0.4M. To date, under the Service Replacement Program the Company has replaced 225 services of the

1,100 high pressure services planned. The Service Replacement Program is currently projected to be on budget for the fiscal year-end.

***Public Works Program –\$1.6M over spending variance to budget year-to-date***

For the first quarter of FY 2014, the Company spent \$2.1M of a projected first quarter budget of \$0.5M, resulting in an over spending variance of \$1.6M. Since Public Works spending requires the coordination of work with state and municipal entities, the major driver of this overspending was the relocation of gas mains to accommodate sewer and drain construction to meet the project schedule for the Narragansett Bay Commission (“NBC”). The project is 50% reimbursable. To date, the Company has installed 2.6 miles of new gas main and has abandoned 1.8 miles of leak prone pipe, the majority of which is associated with the NBC work. As a result of this first quarter spending, depending on the level of reimbursements, at this time the Company anticipates the Public Works Program will exceed its budget at year-end.

***Reactive Main Replacement Program – \$99K under spending variance to budget year-to-date***

There was no reactive main replacement spending during the first quarter of FY 2014. In part, this is the result of the Company’s aggressive spending in the Proactive Main Replacement Program which has minimized the need for the level of reactive main replacements in FY2014. As this continues, the Company plans to adjust the budget accordingly for this category in FY 2015 and anticipates being below budget for the Fiscal Year.

***Mandated Programs – \$0.7M under spending variance to budget year-to-date***

For the first quarter of FY 2014, the Company spent \$2.6M of a projected first quarter budget of \$3.3M, resulting in an under spending variance of \$0.7M. To date, the primary driver of the under spending in this category was the spending for leak repair of \$1.1M against a quarterly budget of \$1.6M. At this time, the Mandated Programs category is projected to be on budget at fiscal year-end.

***Reliability Programs –\$0.5M under spending variance to budget year-to-date***

For the first quarter of FY 2014, the Company spent \$0.8M of a projected first quarter budget of \$1.3M, resulting in an under spending variance of \$0.5M for this category. At this time, spending for this category is expected to be on budget as the major work, in particular Regulator Station Replacement/Upgrades, are expected to occur in future quarters.

***Special Projects (I-195, Exeter LNG Boil-off Compressor and Gas Expansion Pilot)  
– \$0.7M under spending variance to budget year to date***

There was no spending in this category for the first quarter of FY 2014. Proposed work for the I-195 project for FY 2014 is being coordinated with the Rhode Island Department of Transportation with construction scheduled for the second quarter of FY 2014. In addition, the Company is aggressively marketing the Gas Expansion Program with the goal of having customers begin to participate in the program beginning late in the second quarter of FY 2014. The Project team associated with the Exeter LNG Boil-off Compressor project is in the process of evaluating a vendor for engagement, based on proposals received for the design/build scope. Costs associated with engineering, design and the procurement of certain materials are expected during the third quarter of FY 2014. Consequently, at this time, this category is expected to be on budget for the fiscal year.

**Attachment A**

**US Gas-Distribution**  
**The Narragansett Electric Company d/b/a National Grid - RI Gas**  
**Capital Spending by Investment Categories**  
**FY 2014 thru June 30, 2013**  
**(\$000)**

<b>INVESTMENT CATEGORIES</b>	<b>FYTD</b>			<b>FY2014-Total</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Budget</b>	<b>Forecast</b>	<b>Variance</b>
Proactive Main Replacement Program	\$7,218	\$10,104	\$2,886	\$33,362	\$33,362	\$0
Service Replacement Program	\$904	\$496	(\$408)	\$3,100	\$3,100	\$0
*Public Works Program	\$527	\$2,090	\$1,563	\$1,821	\$3,000	\$1,179
Reactive Main Replacement Program	\$99	\$0	(\$99)	\$500	\$250	(\$250)
Mandated Programs	\$3,302	\$2,612	(\$690)	\$13,522	\$13,522	\$0
Reliability Programs	\$1,312	\$826	(\$486)	\$8,987	\$8,987	\$0
Special Projects	\$675	\$0	(\$675)	\$4,000	\$4,000	\$0
<b>TOTAL CAPITAL INVESTMENTS</b>	<b>\$14,037</b>	<b>\$16,128</b>	<b>\$2,091</b>	<b>\$65,292</b>	<b>\$66,221</b>	<b>\$929</b>
( ) denotes an under-spend						

\*Public Works Program includes reimbursements which will be credited as received throughout the year.