

March 21, 2013

VIA HAND DELIVERY & ELECTRONIC MAIL

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

**RE: Docket 4382 - National Grid's Proposed FY 2014 Electric Infrastructure,
Safety, and Reliability Plan
Presentation**

Dear Ms. Massaro:

On behalf of National Grid¹, I have enclosed ten (10) copies of the Company's FY 2014 Electric ISR presentation for use at the hearing on this matter.

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

cc: Docket 4382 Service List
Leo Wold, Esq.
Steve Scialabba, Division

¹ The Narragansett Electric Company d/b/a National Grid (hereinafter referred to as "National Grid" or the "Company").

**Rhode Island Electric Infrastructure, Safety and Reliability Plan -
FY 2014 Plan**

**Rhode Island Public Utilities Commission
Hearing and Technical Session
Docket No. 4382
March 21, 2013**

Agenda

- Plan Overview
- FY 2014 Plan
- Revenue Requirement
- Monthly Bill Impacts

Plan Overview – FY 2014

- Total \$ 59.6 million for Electric Capital Investment Plan
 - Non-Discretionary Category
 - \$ 16.5 million Statutory / Regulatory
 - \$10.1 million Damage / Failure
 - Discretionary Category
 - \$20.2 million Asset Condition
 - \$12.5 million System Capacity and Performance
 - \$0.3 million Non-Infrastructure
- \$ 3.8 million O&M Inspection and Maintenance Program
- \$ 8.5 million O&M Vegetation Management Program

Statutory / Regulatory

- Capital investment needed to meet state regulatory, governmental or contractual obligations
- \$16.5 million or 28% of the proposed capital budget
- Major Components
 - Provide new service to customers (\$7.3M)
 - \$650k for Shun Pike substation
 - Accommodate requirements of public entities (\$2.6M)
 - \$815k manhole and duct infrastructure installation in coordination with RIDOT construction for I-195 relocation
 - Purchase meters (\$1.7M)
 - Purchase transformers (\$3.4M)

Damage / Failure

- Capital investment needed to repair failed or damaged equipment
- \$ 10.1 million or 17% of the proposed capital budget
- Major Components
 - Damage/Failure Blanket Projects (\$8.2M)
 - Damage/Failure Reserve for Specific Projects (\$1.2M)
 - Major Storms (\$675k)

Asset Condition

- Capital investment needed to maintain reliable service
- \$ 20.2 million or 33% of the proposed capital budget
- Shift in spending from the feeder hardening program (System Capacity & Performance) to the more systematic Inspection & Maintenance program (Asset Condition)
- Major Components:
 - Inspection & Maintenance Program (\$8.5M)
 - URD Cable Replacement Program (\$1.9M)
 - UG Cable Replacement Program (\$1.7M)
 - Langworthy Substation (\$1.5M)
 - Eldred Substation Asset Replacement (\$1.2M)
 - Breaker and Recloser Replacement Program (\$1.0M)

System Capacity and Performance

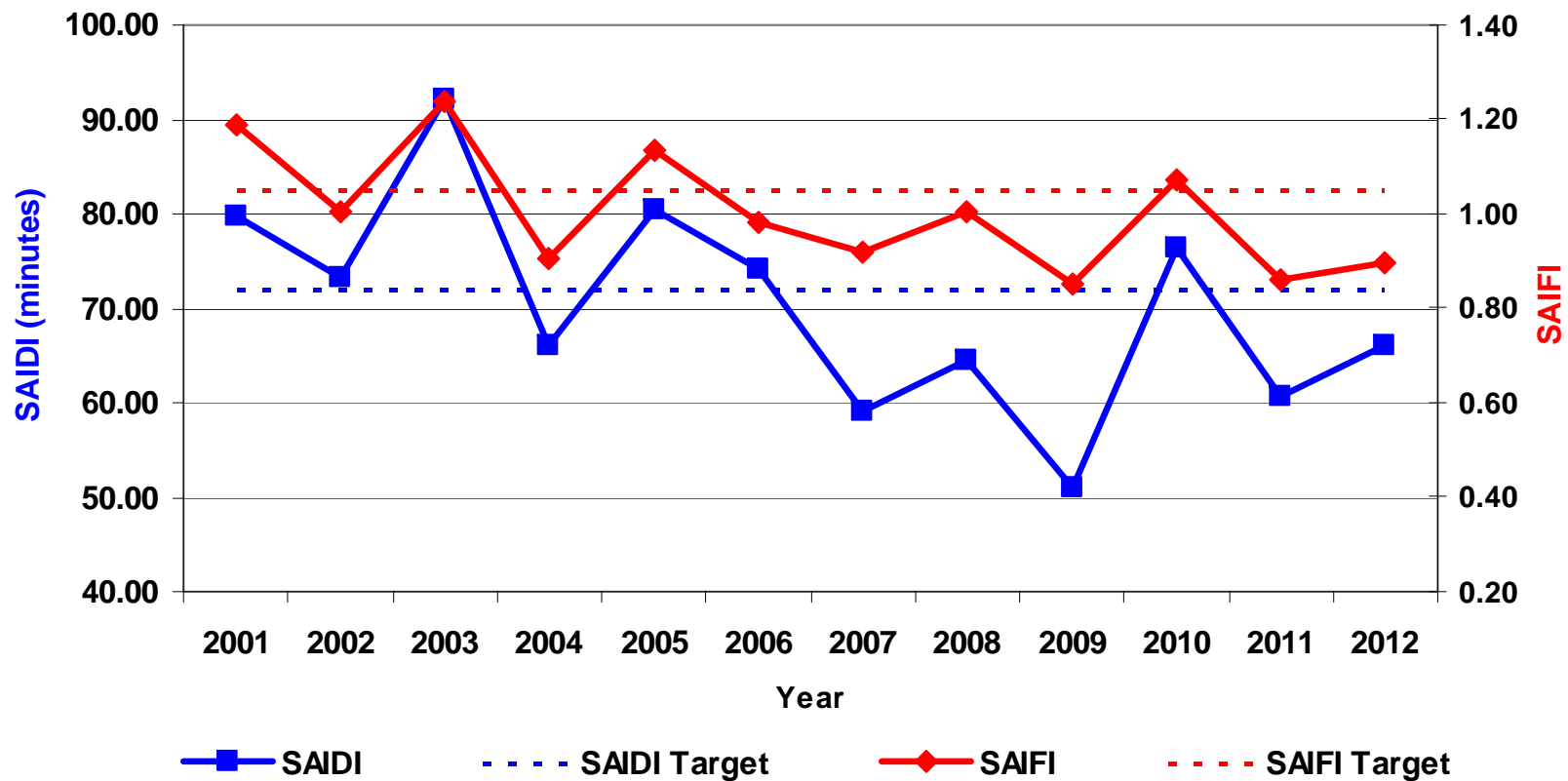
- Capital investment needed to maintain sufficient capacity
- \$ 12.5 million or 21% of the proposed capital budget
- Major load relief projects
 - New Highland Drive Substation (\$2.9M)
 - New Hopkinton Substation (\$2.8M)
 - Distribution Line Transformer Strategy (\$1.8M)
 - Johnston Sub Expansion (\$1.6M)
 - Kilvert St Substation (\$1.4M)
- Major programs designed to maintain system reliability
 - Tunk Hill Rd, Scituate Minor Storm Hardening (\$1.0M)
 - EMS Expansion (\$715k)
 - Volt/Var Management (\$500k)

Non-Infrastructure

- Capital investment for general and telecommunications equipment
 - Less than 1% of budget

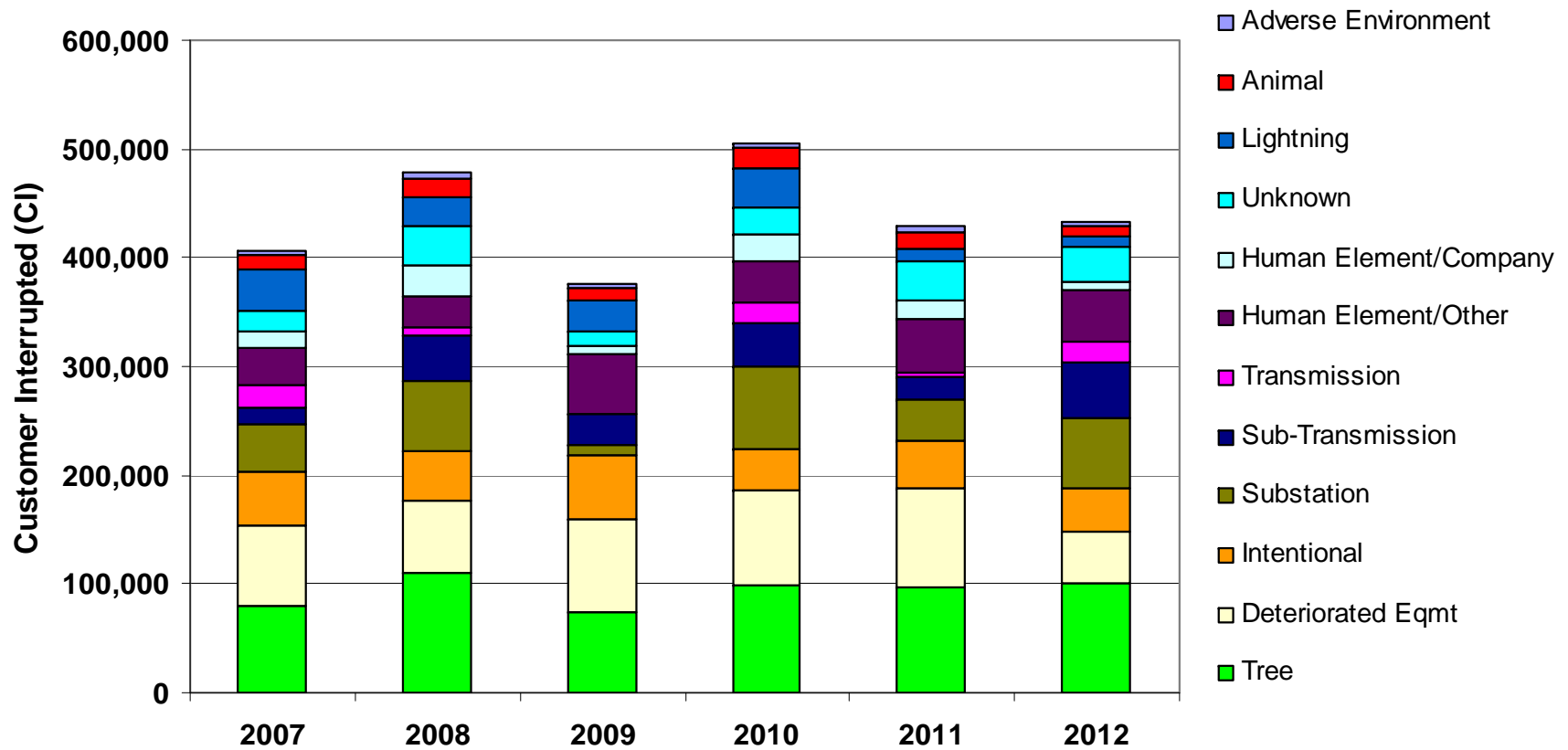
Reliability Performance

RI Reliability Performance
Regulatory Criteria (Excluding Major Event Days)



Customers Interrupted by Cause

Rhode Island Customer Interrupted by Cause
Regulatory Criteria (Excluding Major Event Days)



FY 2013 Forecast and 5 Year Plan

SPENDING RATIONALE	FY 12 Actual	FY13 ISR Forecast	FY14 Capital Budget	FY15 Capital Budget	FY16 Capital Budget	FY17 Capital Budget	FY18 Capital Budget
Statutory/Regulatory	13,075,000	11,999,000	16,509,000	16,317,000	16,661,000	17,501,000	18,327,000
Damage/Failure	12,993,000	10,096,000	10,050,000	10,476,000	10,818,000	11,154,000	11,499,000
Asset Condition	10,320,000	10,462,000	20,242,000	24,901,000	22,498,000	25,677,000	24,738,000
Non-Infrastructure	149,000	1,589,000	255,000	261,000	267,000	272,000	278,000
System Capacity & Performance	13,995,000	15,606,000	12,544,000	25,545,000	27,756,000	21,096,000	20,658,000
Grand Total	50,532,000	49,752,000	59,600,000	77,500,000	78,000,000	75,700,000	75,500,000



FY 2015 – 2018 will undergo further review and refinement prior to submission of FY 2015 ISR

Inspection and Maintenance

- \$3.8 million Inspection and Maintenance expense
 - Overhead Inspection and Maintenance
 - Elevated Voltage Testing

Vegetation Management Program

- \$ 8.5 million proposed
- Cycle Pruning - 4 year interval (\$5.2 million)
 - 1,321 miles planned
 - 3rd year of a complete 4 year cycle
- Enhanced Hazard Tree Mitigation (\$750k)
 - As of FY 2013, 20% of 3 phase miles completed
- Sub-T Floor and Sideline Work (\$724k)
- Police Details (\$525k)

Revenue Requirement - Electric

- Designed to recover revenue requirement on incremental Capital Investment above the level of investment included in base rates in Docket No. 4323
- Revenue Requirement on:

Actual Incremental FY 12 investment	\$ (60,950)
Forecasted Incremental FY 13 investment	\$ -
Forecasted Incremental FY 14 Investment	\$ 103,194
Forecasted Vegetation Mgmt and I&M costs	<u>\$12,091,251</u>
Total Revenue Requirement	\$12,133,495

Monthly Bill Impacts

Rate Class	Monthly Usage	ISR FY 2014
A16	500 kWh	\$0.16 / 0.2%
A60	500 kWh	\$0.16 / 0.2%
C06	1,000 kWh	\$0.49 / 0.3%
G02	400 Hours Use, 100 kW, 40,000 kWh	\$4.59 / 0.1%
G32	400 Hours Use, 1,000 kW, 400,000 kWh	\$70.83 / 0.1%
G62	400 Hours Use, 7,500 kW, 3,000,000	(\$234.37) / (0.1)%