

GRANITE STATE ELECTRIC COMPANY
d/b/a NATIONAL GRID

DE 11-107

NATIONAL GRID'S RESPONSES TO
STAFF'S RECORD REQUEST

Date Request Received: 06/17/11

Date of Response: 06/23/11

Witness: Jennifer Grimsley

REQUEST:

Please provide a detailed cost breakdown for the FY2011 Actual Capital Investment for reclosers referenced in Table 4 of National Grid's Fiscal Year 2011 Reliability Enhancement Plan and Vegetation Management Report (Exhibit 4).

RESPONSE:

The Company budgets and manages projects based on cash spent for projects; however, rate recovery for the REP/VMP program is based on actual capital investment closed to plant in service in FERC accounts 101, 106 and 108 and excludes CWIP (construction work in process). Table 1 below provides detailed costs for the \$336,661 Actual Capital Investment for FY2011 for reclosers as well as the cash spent in FY 2011.

Table 1

Work Order	FY11 Capital Investment Closed to Plant (FERC 101/106/108 ¹)	FY11 Cash Spend (Capital and Cost of Removal)
8110711 (18L4) ²	\$61,227	\$61,756
9181769 (7L2 and 1L2)	\$106,175	\$110,592
Other Work Orders (8)	\$82,868	\$78,552
Subtotal (as in Exhibit 1)	\$250,270	\$250,900
8065242 (11L1)	\$86,391	\$55,862
Total (as in Exhibit 4)	\$336,661	\$306,762

¹ Capital Investment (FERC 101/106/108) includes both plant in service and cost of removal closings.

² Exhibit 4 reflects completion of the 12L1 which was a typographical error. The 18L4 recloser was installed in FY11 and the 12L1 recloser was deferred to FY12 to install the loop scheme reclosers.

The “FY11 Capital Investment Closed to Plant” column includes both plant in service and cost of removal closings. Cost of removal is not closed to plant (i.e. transferred to FERC account 108) until the work order completes the unitization process in the Powerplant application. Unitization, which occurs during work order closeout and after a late charge wait period, classifies capital and removal charges to the assets added or retired in the work order asbuilt, such that FERC asset accounts are appropriately updated. Cost of removal for the 18L4 and 11L1 recloser projects was closed to plant during FY11, while cost of removal for the 7L2 and 1L2 recloser projects will be closed to plant in FY12 and included in the FY12 REP/VMP Reconciliation Filing

Table 1 shows that the total FY11 closed to plant of \$336,661 exceeds total FY11 cash spend of \$306,762. This is primarily due to spending on the 11L1 recloser project that commenced in FY10, but the project was not completed until FY11.

Details for each line item in Table 1 are provided in the following tables.

Table 2: Work Order 8110711 – 18L4 Recloser

	FY11
Plant In Service	\$56,977
COR Closings	\$4,250
Rate Base Total Impact	\$61,227

Capital	Allocations	\$5,036
	Benefits	\$12,254
	Materials	\$4,083
	Payroll	\$22,043
	Transportation	\$4,079
	Vendor	\$10,012
Capital Subtotal		\$57,506
COR	Allocations	\$6
	Benefits	\$1,332
	Payroll	\$2,376
	Transportation	\$536
COR Subtotal		\$4,250
Cash Spend Total		\$61,756

The FY10 spending of \$18,250 was closed to plant in service in FY10 automatically by the Company’s plant accounting system. There is a function in the STORMS project management system that automatically transfers the costs of projects estimated to be less than \$100,000 to plant in service on the scheduled date of completion. The FY10 funds were for primarily for materials, with the purchase and scheduled installation of the recloser in FY10.

Table 3: Major Materials for W.O. 8110711

Work Order	Material Type	Material Description	Quantity
8110711	Radial Recloser	RECLOSER, RADIAL, MICROPROCESS	1
	Poles	POLE, DISTR, WOOD, 40FT, CLASS	1
		POLE, DISTR, WOOD, 45FT, CLASS	2
	Switches	SWITCH, DISC, 15KV, SPH, 600A.	6

Table 4: Work Order 9181769 – 7L2 and 1L2 (these reclosers were combined into one work order due to the integrated nature of the loop scheme).

	FY11
Plant In Service	\$106,175
COR Closings	\$0
Rate Base Total Impact	\$106,175

Capital	Allocations	\$10,344
	Benefits	\$7,505
	Materials	\$41,444
	Payroll	\$18,168
	Transportation	\$946
	Vendor	\$27,769
Capital Subtotal		\$106,175
COR	Allocations	-\$1
	Benefits	\$125
	Payroll	\$310
	Transportation	\$51
	Vendor	\$3,933
COR Subtotal		\$4,417
Cash Spend Total		\$110,592

There will be a small amount of costs for these reclosers incurred in FY12 as these reclosers were installed late in FY11. Currently there have been charges of \$4,155 in FY12.

Table 5: Major Materials for W.O. 9181769

Work Order	Material Type	Material Description	Quantity
9181769	Loop Recloser	RECLOSER, LOOP SECT, 15KV, 560	2
	Secondary Conductor	CABLE, SECONDARY, 1/0, 4C, 60M	1,080 ft
		CABLE, SECONDARY, SVCE, NO. 2	105 ft
	Switches	SWITCH, DISC, 15KV, SPH, 600A.	9
		SWITCH, DISCONNECT, 15KV, 900A	6
Transformer	XFMR, CONV, 10-167-10-00-00, 2	1	

Table 6: Other Work Orders (8):

Table 1 above includes a line item for eight “Other Work Orders” which are reflected in the FY11 rate base. Three of the work orders include work requests associated with the FY12 plan in which costs were charged to plant in service in FY11 because they were scheduled in the plant accounting system to be completed in FY11 rather than FY12. Three other work orders reflect projects constructed in March 2010 that were part of the FY10 program, but contractor invoices were paid in April 2010. One work order was for a recloser installed and operating in FY10, but for which a small amount of additional work was completed in FY11. The final work order included in the “Other” category is associated with a journal entry to transfer preliminary engineering charges for completed work to the appropriate work orders so that they may be included in the total capital spending.

	FY11
Plant In Service	\$79,493
COR Closings	\$3,375
Rate Base Total Impact	\$82,868

Capital	Allocations	\$5,167
	Benefits	\$9,296
	Materials	\$26,367
	Payroll	\$19,969
	Transportation	\$2,007
	Vendor	\$12,864
Capital Subtotal		\$75,670
COR	Allocations	\$10
	Benefits	\$639
	Payroll	\$1,408
	Transportation	\$188
	Vendor	\$637
COR Subtotal		\$2,882
Total Cash Spend		\$78,552

Table 7: Work Request 8065242 - 11L1

This recloser was charged to the Granite State Reliability Blanket when a project specific work order should have been created. Exhibit 4 contains FY10 and FY11 plant in service associated with the 11L1 recloser.

		FY10 & FY11
	Plant In Service	\$86,391
	COR Closings	\$0
	Rate Base Total Impact	\$86,391

Capital	Allocations	\$8,768
	Benefits	\$15,137
	Materials	\$23,431
	Payroll	\$25,232
	Transportation	\$3,599
	Vendor	\$10,224
Capital Subtotal		\$86,391
COR	Allocations	\$42
	Benefits	\$3,175
	Payroll	\$5,247
	Transportation	\$850
COR Subtotal		\$9,314
Cash Spend Total		\$95,705

There will be small amount of costs for this recloser project during FY12. Currently there have been charges of \$428 in FY12.

Table 8: Major Materials for W.O. 8065242

Work Order	Material Type	Material Description	Quantity
8065242	Radial Recloser	RECLOSER, RADIAL, MICROPROCESS	1
	Poles	POLE, DISTR, WOOD, 45FT, CLASS	4
	Secondary Conductor	CABLE, SECONDARY, 1/0, 3C, 60M	908 ft
	Switches	SWITCH, DISC, 15KV, SPH, 600A. SWITCH, LOADBREAK, 15KV, 3PH S	3 1

As noted previously there are some costs that span multiple fiscal years of the Company as a result of CWIP that normally occurs at the end of any prior fiscal year that is placed in service the following fiscal year. This occurs as capital work is performed, completed and processed

through the accounting system. The Company records the date of plant-in-service based on the following criteria:

- As described previously, for electric distribution work orders under \$100,000, when the work order is scheduled for construction, the work order will be advanced automatically in the Company's STORMS application to be placed in service as of the schedule date. Work orders of this magnitude are generally completed or the assets installed are placed into service within a month.
- For electric distribution construction work orders equal to or greater than \$100,000, to be considered "In-Service," the assets must be energized and ready for use. The work order will be advanced to "In-Service" in the STORMS application by the construction supervisor or in the Powerplant application by the project manager.
- For substation construction work orders, the construction has to be seventy-five percent complete and the assets must be energized.

In summary, the costs incurred for the four reclosers that were placed in service during FY11 totaled \$272,572. The costs for the four FY11 reclosers include \$80,006 for the 18L4 recloser (which includes \$18,250 that was closed to plant in service in FY10), \$106,175 for the combined 7L2 and IL2 recloser project, and \$86,391 for the 11L1 recloser (not including any costs which will carryover into FY12.). The average cost for the four FY11 reclosers was \$68,143.