

Case: 06-M-0878

National Grid/KeySpan Merger

Interrogatory/Document Request

Response of National Grid/KeySpan

Re: Capital Expenditures

Request #: DPS 63

Response Date: September 12, 2006

Respondent: M. Smith

Q:

For each KEDNY & KEDLI:

1. Please provide the 5-year Capital Construction Forecasts for each year, starting 2000 through the most recent forecast that was approved by the Board of Directors.
2. Please provide actual capital construction expenditures for calendar years 1999 through 2005 and 2006 to date.
3. Please provide and compare the actual construction expenditures for each of the above years to the gas forecasts, by category (for example, new business, gas services, etc.).
4. Please provide a forecast of construction, by month, through the end of the 10 year proposed rate plan.

A:

1. The 2000 through 2004 Plan presented to the Board of Directors contained a 3 year capital forecast. Beginning with the 2005 Plan, a 5 year capital forecast was presented to the Board of Directors.

| KED NY | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>2000 Plan</u> | | | | | | | | | | | |
| Total Capital | 138,548 | 129,374 | 122,546 | - | - | - | - | - | - | - | - |
| <u>2001 Plan</u> | | | | | | | | | | | |
| Total Capital | - | 120,295 | 120,295 | 120,295 | - | - | - | - | - | - | - |
| <u>2002 Plan</u> | | | | | | | | | | | |
| Total Capital | - | - | 115,039 | 102,832 | 101,972 | - | - | - | - | - | - |
| <u>2003 Plan</u> | | | | | | | | | | | |
| Total Capital | - | - | - | 108,973 | 106,999 | 105,036 | - | - | - | - | - |
| <u>2004 Plan</u> | | | | | | | | | | | |
| Total Capital | - | - | - | - | 108,199 | 131,846 | 126,921 | - | - | - | - |
| <u>2005 Plan</u> | | | | | | | | | | | |
| Total Capital | - | - | - | - | - | 161,395 | 166,242 | 150,738 | 141,833 | 141,442 | - |
| <u>2006 Plan</u> | | | | | | | | | | | |
| Total Capital | - | - | - | - | - | - | 177,762 | 172,294 | 155,723 | 149,813 | 153,532 |

| KED LI | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>2000 Plan</u> | | | | | | | | | | | |
| Total Capital | 105,237 | 99,737 | 88,476 | - | - | - | - | - | - | - | - |
| <u>2001 Plan</u> | | | | | | | | | | | |
| Total Capital | - | 138,966 | 138,966 | 138,966 | - | - | - | - | - | - | - |
| <u>2002 Plan</u> | | | | | | | | | | | |
| Total Capital | - | - | 154,729 | 146,723 | 143,632 | - | - | - | - | - | - |
| <u>2003 Plan</u> | | | | | | | | | | | |
| Total Capital | - | - | - | 125,854 | 126,704 | 123,969 | - | - | - | - | - |
| <u>2004 Plan</u> | | | | | | | | | | | |
| Total Capital | - | - | - | - | 108,356 | 103,054 | 103,375 | - | - | - | - |
| <u>2005 Plan</u> | | | | | | | | | | | |
| Total Capital | - | - | - | - | - | 113,612 | 125,093 | 123,049 | 123,255 | 123,245 | - |
| <u>2006 Plan</u> | | | | | | | | | | | |
| Total Capital | - | - | - | - | - | - | 102,998 | 121,610 | 126,057 | 116,270 | 111,253 |

Notes: Total Capital reported includes allocated capital from Service Companies
Includes Cost of Removal
Includes AFUDC

2. & 3.

The information for 2006 to date and calendar years 2005, 2004 and 2003 follows:

| KEDNY | | | | KEDLI | | |
|--------------------------------|--------------|--------------|----------------|--------------------------------|--------------|---------------|
| Information through July, 2006 | | | | Information through July, 2006 | | |
| Classification | YTD Actual | YTD Plan | YTD Variance | YTD Actual | YTD Plan | YTD Variance |
| Growth | \$26,726,267 | \$27,512,940 | (\$786,673) | \$17,256,837 | \$21,540,273 | (\$4,283,436) |
| Mandated | \$36,559,244 | \$47,431,065 | (\$10,871,821) | \$24,333,340 | \$21,404,156 | \$2,929,183 |
| Reliability | \$14,171,256 | \$18,001,354 | (\$3,830,099) | \$5,503,304 | \$7,622,457 | (\$2,119,153) |
| Other | \$2,032,347 | \$1,283,629 | \$748,717 | \$421,154 | \$416,527 | \$4,627 |
| Total | \$79,489,113 | \$94,228,988 | (\$14,739,875) | \$47,514,635 | \$50,983,414 | (\$3,468,778) |

| KEDNY | | | | KEDLI | | |
|--------------------|---------------|---------------|----------------|---------------|---------------|--------------|
| Calendar 2005 | | | | Calendar 2005 | | |
| Classification | YTD Actual | YTD Plan | YTD Variance | YTD Actual | YTD Plan | YTD Variance |
| Growth | \$45,822,900 | \$40,634,737 | \$5,188,162 | \$35,242,023 | \$31,758,085 | \$3,483,938 |
| Mandated | \$57,305,289 | \$79,079,301 | (\$21,774,012) | \$50,280,939 | \$49,568,433 | \$712,506 |
| Reliability | \$20,461,802 | \$20,222,667 | \$239,135 | \$23,514,503 | \$23,038,696 | \$475,807 |
| Other | \$2,683,475 | \$2,075,014 | \$608,462 | \$1,407,318 | \$1,326,000 | \$81,318 |
| Total | \$126,273,465 | \$142,011,718 | (\$15,738,253) | \$110,444,784 | \$105,691,215 | \$4,753,569 |

KEDNY
Calendar 2004

| Classification | YTD Actual | YTD Plan | YTD Variance |
|--------------------|---------------|---------------|----------------|
| Growth | \$39,839,934 | \$23,332,131 | \$16,507,803 |
| Mandated | \$106,368,800 | \$58,802,807 | \$47,565,993 |
| Reliability | \$7,502,780 | \$22,304,734 | (\$14,801,954) |
| Other | \$1,932,483 | \$2,453,496 | (\$521,013) |
| Total | \$155,643,997 | \$106,893,168 | \$48,750,829 |

KEDLI
Calendar 2004

| YTD Actual | YTD Plan | YTD Variance |
|---------------|---------------|---------------|
| \$40,515,758 | \$44,451,993 | (\$3,936,235) |
| \$46,459,238 | \$44,663,626 | \$1,795,612 |
| \$19,265,931 | \$12,287,234 | \$6,978,697 |
| \$988,654 | \$1,341,132 | (\$352,478) |
| \$107,229,581 | \$102,743,985 | \$4,485,596 |

KEDNY
Calendar 2003

| Classification | YTD Actual | YTD Plan | YTD Variance |
|--------------------|---------------|--------------|--------------|
| Growth | \$44,207,730 | \$26,803,946 | \$17,403,784 |
| Mandated | \$61,137,151 | \$59,687,439 | \$1,449,712 |
| Reliability | \$7,377,517 | \$6,873,860 | \$503,657 |
| Other | \$1,804,653 | \$2,410,628 | (\$605,975) |
| Total | \$114,527,051 | \$95,775,873 | \$18,751,178 |

KEDLI
Calendar 2003

| YTD Actual | YTD Plan | YTD Variance |
|---------------|---------------|---------------|
| \$53,060,130 | \$48,964,812 | \$4,095,318 |
| \$49,824,373 | \$52,753,217 | (\$2,928,844) |
| \$25,907,903 | \$22,835,262 | \$3,072,641 |
| \$610,251 | \$1,372,979 | (\$762,728) |
| \$129,402,657 | \$125,926,270 | \$3,476,387 |

The information for 2002, 2001, 2000 and 1999 is shown below but the category breakouts are different from those in the more recent years.

| KEDNY Calendar 2002 | | | | KEDLI Calendar 2002 | | |
|------------------------|------------|----------|--------------|------------------------|-----------|--------------|
| Classification | YTD Actual | YTD Plan | YTD Variance | YTD Actual | YTD Plan | YTD Variance |
| Growth | \$28,999 | \$29,653 | (\$654) | \$65,568 | \$72,334 | (\$6,766) |
| Non-Growth | \$54,429 | \$66,777 | (\$12,348) | \$51,776 | \$67,231 | (\$15,455) |
| Total | \$83,428 | \$96,430 | (\$13,002) | \$117,344 | \$139,565 | (\$22,221) |

| Calendar 2001 | | | |
|---------------------------------|------------|-----------|--------------|
| Classification | YTD Actual | YTD Plan | YTD Variance |
| KEDLI Gas Operations | \$127,862 | \$114,564 | \$13,298 |
| KEDNY Gas Operations | \$89,035 | \$82,310 | \$6,725 |
| Field Operations Support | \$7,760 | \$5,076 | \$2,684 |
| Production & Control | \$21,791 | \$21,438 | \$353 |
| Gas Engineering | \$5,008 | \$7,468 | (\$2,460) |
| Other | \$1,634 | \$455 | \$1,179 |
| Total | \$253,090 | \$231,310 | \$21,780 |

| Calendar 2000 | | | |
|-------------------------------|---------------|---------------|---------------|
| Classification | YTD Actual | YTD Plan | YTD Variance |
| Keyspan Gas - LI | \$82,294,962 | \$64,852,611 | \$17,442,351 |
| Keyspan Gas - NYC | \$70,644,016 | \$72,731,066 | (\$2,087,050) |
| Gas Engineering | \$1,345,921 | \$1,269,224 | \$76,697 |
| Central Field Services | \$8,903,809 | \$9,844,376 | (\$940,567) |
| Other | \$155,766 | \$375,000 | (\$219,234) |
| Total | \$163,344,475 | \$149,072,277 | \$14,272,198 |

| Calendar 1999 | | | |
|-------------------------------|---------------|---------------|----------------|
| Classification | YTD Actual | YTD Plan | YTD Variance |
| Keyspan Gas - LI | \$67,815,081 | \$60,215,669 | \$7,599,412 |
| Keyspan Gas - NYC | \$62,725,786 | \$73,765,949 | (\$11,040,163) |
| Gas Engineering | \$1,195,086 | \$1,341,101 | (\$146,016) |
| Central Field Services | \$8,457,974 | \$10,274,988 | (\$1,817,014) |
| Other | \$456,861 | \$1,900 | \$454,961 |
| Total | \$140,650,787 | \$145,599,607 | (\$4,948,820) |

4. The annual forecast of construction/plant additions is shown for each Rate Plan on Exhibit 7 page 3 of 4 (year 2008) and Exhibit 8 page 10 of 12 (years 2009-2017). It was assumed during the forecast period that the expenditures would occur evenly throughout the year.