

September 27, 2010

VIA ELECTRONIC FILING

Honorable Jaclyn A. Brillling, Secretary
State of New York
Public Service Commission
Office of the Secretary, 19th Floor
Three Empire State Plaza
Albany, NY 12223

**Re: Cases 06-G-1185 and 06-G-1186
Transportation & Balancing Quarterly Status Report for the Quarter Ended August
31, 2010**

Dear Secretary Brillling:

In its "Order Approving Transportation and Balancing Collaborative Report Recommendations with Modifications" issued June 23, 2009 in these proceedings, the Commission ordered The Brooklyn Union Gas Company d/b/a National Grid NY and KeySpan Gas East Corporation d/b/a National Grid (collectively, "Companies") to file quarterly reports on the information systems needed to implement the new daily balancing program as described in the Order. The Companies' Quarterly Status Report for the Quarter Ended August 31, 2010 is attached.

Thank you for your attention to this matter.

Respectfully submitted,

/s/ Mahati Guttikonda
Mahati Guttikonda

Enclosures

cc: Active Parties (via electronic mail)
John P. Sano (via electronic mail)
Cynthia R. Gerlich (via electronic mail)

Cases 06-G-1185 and 06-G-1186
Transportation and Balancing Programs

Quarterly Status Report for the Period Ending August 31, 2010

On the information systems project required in response to the Public Service Commission Order Approving Transportation and Balancing Collaborative Report Recommendations with Modifications, **Cases 06-G-1185 and 06-G-1186**, that directs **National Grid** to implement a new daily balancing system in New York City and Long Island.

Overview

This quarter, the project has been focused on completing the requirements and design phase with special emphasis on screen design for the newly created system. IS has increased their resources needed for the project to understand the customer systems involved. IS is also in the process of hiring contractors to handle the design of the product so that it meets the needs for Downstate NY and Long Island. Client resources have also been working full-time to ensure completion of the design phase in order that these designs be included in the functional design document for internal National Grid project sanctioning committees.

Highlights

This quarter, the focus was on the functional design of the screens and system menu; over 100 screens require modification or design. The process requires write ups to explain the function and purpose of the screens as well as changes to the screen lay outs.

Flowcharts have been developed for the following "to be" processes: Profile Requests, Establishment of ESCOs, Enrollments and Drops, Balancing for Daily Balanced ESCOs, Balancing for Monthly Balanced ESCOs, Usage Requirements, Nominations, Capacity Release, ESCO Billing, and Imbalance Trading.

CSS will be used as the billing engine for Downstate NY and Long Island. IS has been working with Customer Choice and Gas Operations this quarter on completing the functional design, the detail application design, and the conceptual technical design.

The project will go to sanctioning in September. IS has added resources for the customer systems for Downstate NY (CRIS) and Long Island (CAS) and is hiring two contractors on Long Island to handle the infrastructure programming of ASP.net. IS is working with Purchasing to contract additional consultants on a part-time basis to supplement the design and analysis portion of the project. Project concentration is on meeting the strategic direction of a cost-effective best functioning Gas Transportation System with an Electronic Bulletin Board and making the November 2011 deadline. Design of CSS as billing engine needs to be finalized.

The team completed requirements and the "to be" processes development. The plan is to combine the "to be" process documents into the functional design document which will be used to determine itemized cost and timeframe. These documents will be presented to the Company's Information Systems Governance Board and the US Gas Sanctioning Committee in September and October, respectively.

Best Solution

The Gas Transportation and Balancing team together with the Customer Billing area have determined that this new Gas Transportation Information System (GTIS) is the best application to provide the overall solution to meet the requirements as indicated in the Order. Additionally, GTIS will be interfaced with the CSS billing system to provide the ESCO billing engine for Downstate NY and Long Island.

Dependencies

The success of this project depends on the M2M Communications (machine-to-machine) meter project to provide intraday reads to support intraday capacity nomination.

Next Steps

<i>Date</i>	<i>Activity</i>
Aug 2010	Detailed Application Design Document
Sept 2010	Additional IS Resources On-Boarded
Sept 2010	IS Governance Approval for Development & Implementation
Oct 2010	US Gas Sanctioning Approval for Development & Implementation
Nov 2010	Coding / Implementation Proceeding
March 2011	Complete Code and Testing
May 2011	System Test
July 2011	User Acceptance Testing
Aug 2011	Training
Nov 2011	Implementation

Preliminary Cost Estimate

IS Project Spend as of August 2010: \$1,789K

Solution

The Gas Transportation Information System (GTIS) and CSS billing engine will be the best solution for overall cost and functionality. National Grid is in the final stages of determining the functional design that best supports the completed requirements and the "to be" processes.