



Terry L. Schwennesen  
General Counsel

March 31, 2003

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

**Re: Storm Fund – Docket 2509**

Dear Ms. Massaro:

Enclosed please find Narragansett Electric's Storm Fund Report showing the balance of the Storm Fund through December, 2002.

Please contact me if you have any questions about this report.

Sincerely,

Terry L. Schwennesen  
General Counsel

c. P. Roberti  
S. Scialabba  
J. Bell

Narragansett Electric  
2002 Storm Fund Report

March 31, 2003

## **The Narragansett Electric Company 2002 Storm Fund Report**

In compliance with the Commission's order in Docket 2509 regarding Storm Funds, The Narragansett Electric Company submits the following annual changes to the Storm Fund.

### Annual Escalation of the Storm Fund Threshold

The new Storm Fund Threshold, calculated on Attachment 1 of this report, is \$626,000, an increase of 2.77% compared with the previous threshold of \$609,000. This increase reflects the percentage change in the Consumer Price Index for All Urban Consumers (CPI-U) for the year ended December 31, 2002 as compared to the preceding year.

### Annual Change in the Storm Fund Interest Rate

The interest rate on the Storm Fund for the period March 1, 2002 through February 28, 2003 is based upon the average rate over the calendar period ended March 1 for 10-year constant maturity Treasury Bonds as reported by the Federal Reserve Board. As shown in Attachment 2, this rate for the year ended March 1, 2003 was 4.44%.

### Incremental Attachment Fee Revenue

Pursuant to the Third Amended Stipulation and Settlement dated March 14, 2000 in Docket 2930, 50% of all revenue received from attachment and other telecommunication company fees for use of distribution plant in excess of \$850,000 annually is to be directly credited to the Company's Storm Fund account. In December 2002, \$244,978 was credited to the Storm Fund account pursuant to this provision.

### Annual Report of Storm Fund Activity

Attachment 3 is a report of the annual Storm Fund activity. This report shows the opening balance in the fund, monthly contributions, monthly interest applied, charges and/or credits, and other entries to the storm fund. The Company did not charge any money to the fund in 2002.

## The Narragansett Electric Company

Annual Escalation of Storm Fund Threshold  
 For the Year Ended December 31, 2002

1. Annual Storm Fund Threshold	\$609,000
2. Times Change in Consumer Price Index	2.77%
3. Additional Storm Fund Threshold	\$16,869
4. Actual Annual Storm Threshold for 2002	\$625,869
5. Proposed Annual Storm Fund Threshold for 2002	\$626,000

1/ Annual Threshold effective May 1, 2000 per Merger Settlement in RIPUC Docket No. 2930 dated March 14, 2000.

2/ Consumer Price Index:

	<u>Index</u>	<u>Percent Change</u>
All Urban Consumers - Base Period 1982-84=100 @ 12/31/02	181.6	
All Urban Consumers - Base Period 1982-84=100 @ 12/31/01	176.7	2.77%

3/ Line 1 times Line 2

4/ Line 1 plus Line 3

5/ Line 4 rounded to the nearest thousand

The Narragansett Electric Company  
Calculation of Average Annual Storm Fund Interest Rate  
For the Year March 1, 2002 to February 28, 2003

Federal Reserve Board Statistical Release Date 1/	10 Year Constant Maturity Treasury Bonds Interest Rate
April 2, 2002	5.28%
May 7, 2002	5.21%
June 4, 2002	5.16%
July 2, 2002	4.93%
August 6, 2002	4.65%
September 3, 2002	4.26%
October 1, 2002	3.87%
November 5, 2002	3.94%
December 3, 2002	4.05%
January 7, 2003	4.03%
February 4, 2003	4.05%
March 4, 2003	<u>3.90%</u>
Average Annual Rate	<u>4.44%</u>

1/ Monthly Selected Interest Rates are released the first Tuesday of every month for the preceding month.

The Narragansett Electric Company  
 Annual Report of Storm Fund Activity  
 For the Year Ended December 31, 2002

Month	Beginning Balance (a)	Monthly Contribution (b)	Monthly Interest (c)	Storm Charges (f)	Adjustments (g)	Ending Balance (j)	RESERVE AMT SUBJECT TO INT	Interest Rate	Monthly Interest
January 2002	\$9,805,336	\$86,750	\$47,182.36	\$0	\$0	\$9,939,268	\$9,778,707.38	5.790%	\$47,182.26
February	\$9,939,268	\$86,750	\$47,748.13	\$0	\$0	\$10,073,766	9,895,964.64	5.790%	\$47,748.03
March	\$10,073,766	\$86,750	\$41,710.01	\$0	\$0	\$10,202,226	10,030,462.77	4.990%	\$41,710.01
April	\$10,202,226	\$86,750	\$42,244.19	\$0	\$0	\$10,331,220	10,158,922.88	4.990%	\$42,244.19
May	\$10,331,220	\$86,750	\$42,780.59	\$0	\$0	\$10,460,751	10,287,917.07	4.990%	\$42,780.59
June	\$10,460,751	\$86,750	\$43,319.22	\$0	\$0	\$10,590,820	10,417,447.66	4.990%	\$43,319.22
July	\$10,590,820	\$86,750	\$43,860.09	\$0	\$0	\$10,721,430	10,547,516.88	4.990%	\$43,860.09
August	\$10,721,430	\$86,750	\$44,403.21	\$0	\$0	\$10,852,583	10,678,126.97	4.990%	\$44,403.21
September	\$10,852,583	\$86,750	\$44,948.59	\$0	\$0	\$10,984,282	10,809,280.18	4.990%	\$44,948.59
October	\$10,984,282	\$86,750	\$45,496.24	\$0	\$0	\$11,116,528	10,940,978.77	4.990%	\$45,496.24
November	\$11,116,528	\$86,750	\$46,046.16	\$0	\$0	\$11,249,324	11,073,225.01	4.990%	\$46,046.16
December	\$11,249,324	\$86,750	\$46,670.09	\$0	\$244,978 (k)	\$11,627,723	11,206,021.17	4.990%	<u>\$46,598.37</u>
Year Ended :	\$9,805,336	\$1,041,000	\$536,409	\$0	\$244,978	\$11,627,723			<u>\$536,336.96</u>

(k) represents 50% of 2002 attachment fee revenue in excess of \$850,000