

December 21, 2016

VIA HAND DELIVERY & ELECTRONIC MAIL

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

**RE: Docket 2509 – Storm Contingency Fund
Revised Annual Storm Fund Reports
Calendar Years 2013, 2014, and 2015**

Dear Ms. Massaro:

Enclosed are ten (10) copies of National Grid's¹ revised annual Storm Fund Reports for calendar years 2013, 2014, and 2015. Attachment 2 of the enclosed reports and Attachment 3 of the enclosed calendar year 2013 report have been revised to reflect the removal of costs for affiliate-related pensions and postretirement benefits other than pensions (PBOP) that were inadvertently included as incremental operation and maintenance costs recoverable through the Company's Storm Contingency Fund (the Storm Fund) for three storms that occurred in February and March 2013.²

On June 30, 2016, the Company filed its final accounting of incremental storm costs related to storm events that occurred between January 2012 and March 2013, which qualify for inclusion in the Company's Storm Fund. As part of that filing, the Company filed revised Attachments 2 and 3 of the annual Storm Fund Reports that the Company had previously filed with the PUC for calendar years 2013, 2014, and 2015 (please see Schedules 1-B, 1-C, and 1-D, respectively, to the testimony).

Following the June 30, 2016 filing, the Company noted that it inadvertently included affiliate-related pension and PBOP costs as incremental operation and maintenance costs recoverable through the Storm Fund for three storms that occurred in February and March of 2013. Although pension and PBOP costs have previously been recovered through the Storm Fund, effective February 1, 2013, all pension and PBOP costs are to be recovered through the Company's Pension Adjustment Mechanism (PAM), which was approved by the PUC in the Company's last general rate case in Docket No. 4323. Because the February and March 2013 storms occurred after the effective date of the PAM, pension and PBOP costs associated with

¹ Filed on behalf of The Narragansett Electric Company d/b/a National Grid (referred to herein as National Grid or the Company).

² The three storms are the February 2013 Nor'easter (Nemo), the February 2013 Coastal Storm, and the March 2013 Snowstorm.

Luly E. Massaro, Commission Clerk
Docket 2509 – Revised Storm Fund Reports
Calendar Years 2013, 2014, and 2015
December 21, 2016
Page 2 of 2

these storms were recovered through the PAM and should have been excluded from the Storm Fund. Consequently, the Company has removed pension and PBOP costs associated with these three storms from the amounts previously reported in Attachment 2 of the annual Storm Fund Reports for calendar years 2013, 2014, and 2015 and in Attachment 3 of the annual Storm Fund Report for calendar year 2013.

To assist the PUC in its review of the enclosed revised reports, the Company has provided a calculation reflecting \$542,370 of pension and PBOP costs removed from the Storm Fund in Appendix 1. For qualifying storm events that occurred after March 2013, pension and PBOP costs were appropriately excluded from Storm Fund calculations. For ease of reference, the Company is enclosing copies of the following Schedules to the testimony provided with the June 30, 2016 filing as Appendix 2, which are referenced in the Appendix 1 line and column notes:

- Schedule 7-A: Summary of Deferred Storm Costs – February 2013 Nor’easter (Nemo)
- Schedule 7-G: Overhead Allocations
- Schedule 8-A: Summary of Deferred Storm Costs – February 2013 Coastal Storm
- Schedule 8-G: Overhead Allocations
- Schedule 9-A: Summary of Deferred Storm Costs – March 2013 Snowstorm
- Schedule 9-G: Overhead Allocations

The Company apologizes to the PUC for any inconvenience that may have been caused as a result of the errors in the previously filed attachments to the annual Storm Fund Reports for calendar years 2013, 2014, and 2015.

Thank you for your attention to this transmittal. If you have any questions, please contact me at 781-907-2153.

Very truly yours,



Celia B. O'Brien

Enclosures

cc: Docket 2509 Service List
Leo Wold, Esq.
Steve Scialabba, RI Division

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.

The paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.



Joanne M. Scanlon

December 21, 2016
Date

**Docket No. 2509 – National Grid – Storm Fund
Service List as of 8/26/16**

Name/Address	E-mail	Phone
Celia B. O'Brien, Esq. National Grid 280 Melrose St. Providence, RI 02907	Jennifer.hutchinson@nationalgrid.com ;	781-907-2153
	Celia.obrien@nationalgrid.com ;	
	Joanne.scanlon@nationalgrid.com ;	
Leo Wold, Esq. Dept. of Attorney General 150 South Main St. Providence, RI 02903	LWold@riag.ri.gov ;	401-222-2424
	Steve.scialabba@dpuc.ri.gov ;	
	Joseph.shilling@dpuc.ri.gov ;	
	Al.contente@dpuc.ri.gov ;	
	Dmacrae@riag.ri.gov ;	
File an original & 10 copies w/: Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	jmunoz@riag.ri.gov ;	401-780-2107
	Luly.massaro@puc.ri.gov ;	
	Todd.bianco@puc.ri.gov ;	
	Alan.nault@puc.ri.gov ;	
	Cynthia.WilsonFrias@puc.ri.gov ;	

Docket D-11-94 Review of National Grid's Storm Reports

John Spirito, Esq. Division of Public Utilities & Carriers	John.spirito@dpuc.ri.gov ;	401-222-2424
	thomas.kogut@dpuc.ri.gov ;	
	kevin.lynch@dpuc.ri.gov ;	

The Narragansett Electric Company
d/b/a National Grid
Appendix 1

December 21, 2016

The Narragansett Electric Company
d/b/a National Grid
Adjustment to Storm Fund for Pension and Postretirement Benefits Other than Pensions (PBOP)
February and March 2013 Storms That Occurred After the February 1, 2013 Implementation of the Pension Adjustment
Mechanism

Line #	Storm Event	Reduction to Filing for Pension/PBOP O&M Expense	Amounts Charged to Capital	Amounts per Schedules as Filed in Final Accounting Submission on June 30, 2016
		(a)	(b)	(c) = (a) + (b)
1	February 2013 Nor'easter (Nemo)			
2	Pension	\$340,058	\$6,695	\$346,753
3	PBOPs (OPEBs)	\$238,420	\$3,603	\$242,023
4	Total	\$578,478	\$10,298	\$588,777
5	February 2013 Coastal Storm			
6	Pension	(\$4,345)	(\$80)	(\$4,425)
7	PBOPs (OPEBs)	(\$1,076)	(\$4)	(\$1,080)
8	Total	(\$5,422)	(\$84)	(\$5,505)
9	March 2013 Snowstorm			
10	Pension	(\$21,662)	(\$1,602)	(\$23,264)
11	PBOPs (OPEBs)	(\$9,025)	(\$304)	(\$9,329)
12	Total	(\$30,687)	(\$1,906)	(\$32,593)
13	Total	\$542,370	\$8,309	\$550,679
14	<u>Capitalized Amounts:</u>	Pension & PBOPs Charged to Capital	Other Capitalized Costs	Total Capital Removed from Schedules
		(a)	(b)	(c) = (a) + (b)
15	February 2013 Nor'easter (Nemo)	\$10,298	\$431,018	\$441,316
16	February 2013 Coastal Storm	(\$84)	\$3,073	\$2,989
17	March 2013 Snowstorm	(\$1,906)	\$38,844	\$36,939
18	Total	\$8,309	\$472,935	\$481,244

Line Notes:

- 2 Column (c): See Appendix 2, Page 2, Line 1
- 3 Column (c): See Appendix 2, Page 2, Line 2
- 4 Line 2 + Line 3
- 6 Column (c): See Appendix 2, Page 4, Line 1
- 7 Column (c): See Appendix 2, Page 4, Line 2
- 8 Line 6 + Line 7
- 10 Column (c): See Appendix 2, Page 6, Line 1
- 11 Column (c): See Appendix 2, Page 6, Line 2
- 12 Line 10 + Line 11
- 13 Sum of Lines 4, 8, and 12
- 15 Column (a) = Column (b), Line 4
- 15 Column (c): See Appendix 2, Page 1, Line 16
- 16 Column (a) = Column (b), Line 8
- 16 Column (c): See Appendix 2, Page 3, Line 16
- 17 Column (a) = Column (b), Line 12
- 17 Column (c): See Appendix 2, Page 5, Line 16
- 18 Sum of Lines 15 through 17

Column Note:

- (b) Capitalized amounts reflected as part of "Allocations" line on Line 9 of Appendix 2, Pages 1, 3, and 5 are subsequently removed from the amounts to be recovered through the Storm Fund on the "Capital" line on Line 16 of those same schedules.

The Narragansett Electric Company
d/b/a National Grid
Appendix 2

December 21, 2016

The Narragansett Electric Company
Summary of Final Storm Costs
February 2013 Nor'easter (Nemo)

<u>Line #</u>	<u>Source System</u>	<u>Amount</u>
		(a)
1	Capital and Incremental O&M Storm Costs:	
2	Accounts Payable	
3	Overhead Line	\$35,555,098
4	Forestry	4,914,622
5	Procurement Cards	1,579,440
6	Miscellaneous Accounts Payable	1,934,989
7	Total Accounts Payable	<u>\$43,984,149</u>
8	Payroll	\$4,474,633
9	Allocations	<u>\$2,871,364</u>
10	Transportation	\$150,022
11	Inventory	\$242,760
12	Employee Expense	<u>\$42,415</u>
13	Total Capital and Incremental O&M Storm Costs	<u>\$51,765,343</u>
14	Exclusions:	
15	Materials	\$5,578
16	Capital	<u>\$441,316</u>
17	Removal/Other	\$147,541
18	Deductible	<u>\$375,000</u>
19	Total Exclusions	<u>\$969,435</u>
20	Total Incremental O&M Deferred Storm Costs	<u><u>\$50,795,908</u></u>

Line Notes:

- 9 See Appendix 2, Page 2, "Grand Total" Amount
- 16 Capitalized costs including those for Pension and PBOPs (OPEBs) are removed from the amounts to be recovered through the Storm Fund through this line

The Narragansett Electric Company
d/b/a National Grid
Final Storm Cost Accounting:
January 2012 through March 2013 Storm Events
RIPUC Docket No. 2509
Schedule 7-G
Page 1 of 1

The Narragansett Electric Company
Summary of Final Storm Costs
February 2013 Nor'easter (Nemo)
Overhead Allocations

Grand Total: \$2,871,364

<u>Line #</u>	<u>Expense Type</u>	<u>Expense Type Descr</u>	<u>Amount</u>
(a)	(b)	(c)	
1	B0001	Pensions – US GAAP	\$346,753
2	B0003	OPEBs – US GAAP	\$242,023
3	B0005	FAS 112 Post Retmnt	\$72,152
4	B0010	Payroll Taxes	\$137,609
5	B0020	Health Insurance	\$450,915
6	B0021	Group Life	\$23,201
7	B0022	401k Thrift	\$14,155
8	B0030	Variable Pay – Mngt	\$451,632
9	B0031	Variable Pay – Union	\$59,114
10	B0040	Time Not Worked	\$845,236
11	B0050	Workman’s Comp	\$213,377
12	CAP00	Capital Overhead	\$10,216
13	M0000	Stores Handling Burdens	\$354
14	SA000	Supervision & Admin	\$4,626

The Narragansett Electric Company
Summary of Final Storm Costs
February 2013 Coastal Storm

Line #	Source System	Amount
		(a)
1	Capital and Incremental O&M Storm Costs:	
2	Accounts Payable	
3	Overhead Line	\$1,309,345
4	Forestry	106,410
5	Procurement Cards	9,885
6	Miscellaneous Accounts Payable	11,637
7	Total Accounts Payable	<u>\$1,437,277</u>
8	Payroll	\$180,344
9	Allocations	\$17,678
10	Transportation	\$1,124
11	Inventory	\$225
12	Employee Expense	<u>\$374</u>
13	Total Capital and Incremental O&M Storm Costs	<u>\$1,637,022</u>
14	Exclusions:	
15	Materials	\$0
16	Capital	\$2,989
17	Removal/Other	\$5,437
18	Deductible	<u>\$375,000</u>
19	Total Exclusions	<u>\$383,426</u>
20	Total Incremental O&M Deferred Storm Costs	<u><u>\$1,253,596</u></u>

Line Notes:

- 9 See Appendix 2, Page 4, "Grand Total" Amount
- 16 Capitalized costs including those for Pension and PBOPs (OPEBs) are removed from the amounts to be recovered through the Storm Fund through this line

The Narragansett Electric Company
Summary of Final Storm Costs
February 2013 Coastal Storm
Overhead Allocations

Grand Total: \$17,678

<u>Line #</u>	<u>Expense Type</u>	<u>Expense Type Descr</u>	<u>Amount</u>
	(a)	(b)	(c)
1	B0001	Pensions – US GAAP	(\$4,425)
2	B0003	OPEBs – US GAAP	(\$1,080)
3	B0005	FAS 112 Post Retmnt	\$222
4	B0010	Payroll Taxes	(\$576)
5	B0020	Health Insurance	(\$1,807)
6	B0021	Group Life	\$112
7	B0022	401k Thrift	(\$2,655)
8	B0030	Variable Pay – Mngt	\$8,809
9	B0031	Variable Pay – Union	(\$1,526)
10	B0040	Time Not Worked	\$16,631
11	B0050	Workman’s Comp	\$3,793
12	CAP00	Capital Overhead	\$46
13	SA000	Supervision & Admin	\$134

The Narragansett Electric Company
Summary of Final Storm Costs
March 2013 Snowstorm

Line #	Source System	Amount
		(a)
1	Capital and Incremental O&M Storm Costs:	
2	Accounts Payable	
3	Overhead Line	\$1,962,947
4	Forestry	178,320
5	Procurement Cards	105,055
6	Miscellaneous Accounts Payable	36,019
7	Total Accounts Payable	<u>\$2,282,341</u>
8	Payroll	\$355,103
9	Allocations	\$74,433
10	Transportation	\$12,457
11	Inventory	\$2,432
12	Employee Expense	<u>\$3,805</u>
13	Total Capital and Incremental O&M Storm Costs	<u>\$2,730,571</u>
14	Exclusions:	
15	Materials	\$0
16	Capital	\$36,939
17	Removal/Other	\$9,251
18	Deductible	<u>\$375,000</u>
19	Total Exclusions	<u>\$421,190</u>
20	Total Incremental O&M Deferred Storm Costs	<u><u>\$2,309,381</u></u>

Line Notes:

- 9 See Appendix 2, Page 6, "Grand Total" Amount
- 16 Capitalized costs including those for Pension and PBOPs (OPEBs) are removed from the amounts to be recovered through the Storm Fund through this line

The Narragansett Electric Company
Summary of Final Storm Costs
March 2013 Snowstorm
Overhead Allocations

Grand Total: \$74,433

<u>Line #</u>	<u>Expense Type</u>	<u>Expense Type Descr</u>	<u>Amount</u>
	(a)	(b)	(c)
1	B0001	Pensions – US GAAP	(\$23,264)
2	B0003	OPEBs – US GAAP	(\$9,329)
3	B0005	FAS 112 Post Retmnt	\$2,833
4	B0010	Payroll Taxes	(\$4,315)
5	B0020	Health Insurance	\$506
6	B0021	Group Life	\$170
7	B0022	401k Thrift	(\$9,783)
8	B0030	Variable Pay – Mngt	\$38,725
9	B0031	Variable Pay – Union	(\$6,328)
10	B0040	Time Not Worked	\$63,408
11	B0050	Workman’s Comp	\$19,304
12	CAP00	Capital Overhead	\$1,087
13	M0000	Stores Handling Burdens	\$6
14	SA000	Supervision & Admin	\$1,413

The Narragansett Electric Company
d/b/a National Grid
Storm Fund Report for Calendar Year 2013
Revised

December 21, 2016

**The Narragansett Electric Company
d/b/a National Grid
Storm Fund Report - Calendar Year 2013 - Revised**

In compliance with the Rhode Island Public Utilities Commission (PUC) order in Docket No. 2509 regarding Storm Funds, The Narragansett Electric Company (the Company or National Grid) submits the following annual Storm Fund Report.

Annual Escalation of the Storm Fund Threshold

The new Storm Fund Threshold, calculated on Attachment 1 of this report, is **\$808,000**, an increase of **1.56%** compared with the previous threshold of **\$796,000**. This increase reflects the percentage change in the Seasonally Adjusted Consumer Price Index for All Urban Consumers (CPI-U) for the month of December 2013 as compared to the preceding year.

Annual Change in the Storm Fund Interest Rate

The interest rate to be applied to the Storm Fund for the period March 1, 2013 through February 28, 2014 is based upon the average of the monthly rates for the twelve-month period ended December 31, 2012 for 10-year Constant Maturity Treasury Bonds as reported by the Federal Reserve Board. As filed with the Commission on January 9, 2013, this average rate for the twelve-month period ended December 31, 2012 is **1.80%**.

Incremental Attachment Fee Revenue

Pursuant to the Distribution Rate Plan Second Amended Stipulation and Settlement approved in Docket No. 3617, 50 percent 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 credited to the Company's Storm Fund. In December 2013, **\$728,695** was credited to the Storm Fund pursuant to this provision.

Non-deferrable Storm Expense

Pursuant to the Second Amended Settlement approved in Docket No. 4323, the amount of non-deferrable storm expense allowed for recovery through base rates is set at \$3,722,000 annually, subject to the following: If the actual level of non-deferrable storm expense in any

Non-deferrable Storm Expense (continued)

calendar year is greater than \$5,722,000, then the amount in excess of \$5,722,000 shall be charged to the Company's Storm Fund. If the actual level of non-deferrable storm expense in any calendar year is less than \$1,722,000, then the amount by which \$1,722,000 exceeds the actual non-deferrable storm expense in that calendar year is credited to the Company's Storm Fund. For Calendar Year 2013, preliminary costs related to the amount of non-deferrable storm expense are within the base rate allowance of \$3,722,000 +/- the \$2 million collar, thereby requiring no adjustment to the Storm Fund¹.

Annual Report of Storm Fund Activity

Attachment 2 reflects a preliminary report of the annual Storm Fund activity, pending final accounting of all storm costs incurred during the calendar year period. This report shows the opening balance of the Storm Fund, monthly contributions, monthly interest applied, final/preliminary charges and/or credits, other entries to the Storm Fund, and the closing balance of the Storm Fund.

Attachment 3 represents the monthly detail of the storm-related charges applied to the Storm Fund during calendar year 2013 by individual storm event. The charges reflect the final accounting for all the qualifying storm events, as filed in the Company's June 30, 2016 Final Storm Cost Accounting for 2012 through March 2013 Storm Events, with the exception of the November 2013 storm event. Details of the costs related to this qualifying Storm Fund storm event will be provided following final accounting.

¹ Because rates under Docket No. 4323 became effective on February 1, 2013, the Company compared non-deferrable storm expense for February 2013 – December 2013, in the amount of \$4,166,212, to 11/12 of the resulting base rate allowance +/- the collar, or upper and lower limits of \$5,245,167 and \$1,578,500, respectively.

The Narragansett Electric Company
d/b/a National Grid
Annual Escalation of Storm Fund Threshold

Line No.	Description	Amount (a)
1	2013 Annual Storm Fund Threshold	\$ 796,000
2	Times Change in Consumer Price Index	1.56%
3	Additional Storm Fund Threshold	<u>\$ 12,418</u>
4	Actual Annual Storm Threshold for 2014	<u>\$ 808,418</u>
5	Proposed Annual Storm Fund Threshold for 2014	<u><u>\$ 808,000</u></u>

Line Notes:

- 1 Annual Threshold based on the Distribution Rate Plan Second Amended Stipulation and Settlement dated October 15, 2004
- 2 Consumer Price Index, Seasonally Adjusted, as shown below:

	<u>Index</u>	<u>Percent Change</u>
All Urban Consumers - Base Period 1982-84=100 @ 12/01/12	231.0	
All Urban Consumers - Base Period 1982-84=100 @ 12/01/13	234.6	1.56%

- 3 Line 1 times Line 2
- 4 Line 1 plus Line 3
- 5 Line 4 rounded to the nearest thousand

The Narragansett Electric Company
d/b/a National Grid
Revised Annual Report of Storm Fund Activity
For the Year Ended December 31, 2013

Line No.	Month	Beginning Balance	Monthly Contributions			Monthly Interest	Storm Charges	Adjustments	Ending Balance
			Monthly Contribution	Monthly Contribution	Total Monthly Contributions				
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	January-13	(\$16,136,467)	\$0	\$0	\$0	(\$37,383)	(\$1,544,979)	\$0	(\$17,718,828)
2	February-13	(17,718,828)	150,000	250,000	400,000	(41,049)	(10,643,776)	-	(28,003,653)
3	March-13	(28,003,653)	150,000	250,000	400,000	(42,305)	(12,851,373)	-	(40,497,331)
4	April-13	(40,497,331)	150,000	250,000	400,000	(61,046)	(11,556,004)	-	(51,714,381)
5	May-13	(51,714,381)	150,000	250,000	400,000	(77,872)	(13,802,072)	-	(65,194,324)
6	June-13	(65,194,324)	150,000	250,000	400,000	(98,091)	(10,499,338)	-	(75,391,753)
7	July-13	(75,391,753)	150,000	250,000	400,000	(113,388)	(2,939,016)	-	(78,044,157)
8	August-13	(78,044,157)	150,000	250,000	400,000	(117,366)	(1,676,811)	-	(79,438,334)
9	September-13	(79,438,334)	150,000	250,000	400,000	(119,458)	(2,403,901)	-	(81,561,693)
10	October-13	(81,561,693)	150,000	250,000	400,000	(122,643)	(2,775,647)	-	(84,059,983)
11	November-13	(84,059,983)	150,000	250,000	400,000	(126,390)	(909,866)	-	(84,696,238)
12	December-13	(84,696,238)	150,000	250,000	400,000	(127,344)	(269,282)	728,695	(83,964,170)
13	Year Ended 12/31/13	(\$16,136,467)	\$1,650,000	\$2,750,000	\$4,400,000	(\$1,084,334)	(\$71,872,064)	\$728,695	(\$83,964,170)

Column Notes:

- (b) Per RIPUC Docket No. 4323, the base-rate revenue requirement includes \$1,800,000 annually as a contribution to the Storm Fund.
- (c) Per RIPUC Docket No. 4323, an additional \$3.0 million is to be contributed annually to the Storm Fund for a period of six years commencing February 1, 2013. At the end of the six-year period, the continuation of this supplemental \$3.0 million annual Storm Fund contribution will be subject to PUC review.
- (f) See 2013 Storm Fund Report - Revised, Attachment 3 - Revised, as adjusted to remove \$542,370 in Pension/PBOP costs for February and March 2013 storm events as illustrated on Appendix 1.
- (g) Represents 50% of 2013 attachment fee revenue in excess of \$850,000, in the amount of \$728,695. For Calendar Year 2013, costs related to the amount of non-deferrable storm expense are within the base rate allowance of \$3,722,000 +/- a \$2 million collar as per the Amended Settlement Agreement in RIPUC Docket No. 4323, thereby requiring no adjustment to the Storm Fund. Because rates under Docket No. 4323 became effective on February 1, 2013, the Company compared non-deferrable storm expense for February 2013 – December 2013, in the amount of \$4,166,212, to 11/12 of the resulting base rate allowance +/- the collar, or upper and lower limits of \$5,245,167 and \$1,578,500, respectively.
- (h) Ending balance does not reflect true up of storm-related capital costs to actual installed units for storm events experienced after March 2013.

The Narragansett Electric Company
d/b/a National Grid
Revised Storm Fund Charges
For the Year Ended December 31, 2013

Line No.	Month	Jul-2012 Storm Event (a)	Oct-2012 Storm Event (b)	Nov-2012 Storm Event (c)	Feb-2013 Nemo Storm Event (d)	Feb-2013 Storm Event (e)	Mar-2013 Storm Event (f)	Nov-2013 Storm Event (g)	Total (h)
1	January-13	\$0	(\$1,242,743)	(\$302,236)	\$0	\$0	\$0	\$0	(\$1,544,979)
2	February-13		(5,559,387)	(876,192)	(4,208,197)				(10,643,776)
3	March-13		(6,284,340)	(106,688)	(5,707,882)	(510,867)	(241,595)		(12,851,373)
4	April-13		(572,201)	(66)	(9,623,208)	(329,650)	(1,030,879)		(11,556,004)
5	May-13		(734,644)	(2,842)	(12,848,395)	(158,305)	(57,885)		(13,802,072)
6	June-13		(21,904)	(681)	(9,736,207)	(137,787)	(602,758)		(10,499,338)
7	July-13		(843,609)		(1,951,845)		(143,561)		(2,939,016)
8	August-13		(378,452)	(724)	(1,255,501)		(42,134)		(1,676,811)
9	September-13		(369,206)	(33,979)	(1,789,319)	(49,376)	(162,021)		(2,403,901)
10	October-13	(59,432)	(502,760)	(7,391)	(2,194,324)	(9,717)	(2,023)		(2,775,647)
11	November-13		(55,416)		(266,280)	(62,786)	(98,760)	(426,622)	(909,866)
12	December-13		(27,673)	(102)	(89,686)		55,664	(207,485)	(269,282)
13	Year Ended 12/31/13	(\$59,432)	(\$16,592,337)	(\$1,330,900)	(\$49,670,845)	(\$1,258,490)	(\$2,325,953)	(\$634,107)	(\$71,872,064)

Column Notes:

- (a) Represents final costs associated with the July 2012 lightning storm
- (b) Represents final costs associated with Hurricane Sandy
- (c) Represents final costs associated with the November 2012 snowstorm
- (d) Represents final costs associated with the February 2013 Nor'Easter (Nemo)
- (e) Represents final costs associated with the February 2013 snowstorm
- (f) Represents final costs associated with the March 2013 snowstorm
- (g) Represents preliminary costs associated with the November 2013 windstorm

The Narragansett Electric Company
d/b/a National Grid
Storm Fund Report for Calendar Year 2014
Revised

December 21, 2016

**The Narragansett Electric Company
d/b/a National Grid
Storm Fund Report - Calendar Year 2014 - Revised**

In compliance with the Rhode Island Public Utilities Commission (PUC) order in Docket No. 2509 regarding Storm Funds, The Narragansett Electric Company (the Company or National Grid) submits the following annual Storm Fund Report.

Annual Escalation of the Storm Fund Threshold

The new Storm Fund Threshold, calculated on Attachment 1 of this report, is **\$813,000**, an increase of **0.67%** compared with the previous threshold of **\$808,000**. This increase reflects the percentage change in the Seasonally Adjusted Consumer Price Index for All Urban Consumers (CPI-U) for the month of December 2014 as compared to the preceding year.

Annual Change in the Storm Fund Interest Rate

The interest rate to be applied to the Storm Fund for the period March 1, 2014 through February 28, 2015 is based upon the average of the monthly rates for the twelve-month period ended December 31, 2013 for 10-year Constant Maturity Treasury Bonds as reported by the Federal Reserve Board. As filed with the PUC on January 9, 2014, this average rate for the twelve-month period ended December 31, 2013 is **2.35%**.

Incremental Attachment Fee Revenue

Pursuant to the Distribution Rate Plan Second Amended Stipulation and Settlement approved in Docket No. 3617, 50 percent 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 credited to the Company's Storm Fund. In December 2014, **\$338,335** was credited to the Storm Fund pursuant to this provision.

Non-deferrable Storm Expense

Pursuant to the Second Amended Settlement approved in Docket No. 4323, the amount of non-deferrable storm expense allowed for recovery through base rates is set at \$3,722,000 annually, subject to the following: If the actual level of non-deferrable storm expense in any

Non-deferrable Storm Expense (continued)

calendar year is greater than \$5,722,000, then the amount in excess of \$5,722,000 shall be charged to the Company's Storm Fund. If the actual level of non-deferrable storm expense in any calendar year is less than \$1,722,000, then the amount by which \$1,722,000 exceeds the actual non-deferrable storm expense in that calendar year is credited to the Company's Storm Fund. For Calendar Year 2014, costs related to the amount of non-deferrable storm expense are within the base rate allowance of \$3,722,000 +/- the \$2 million collar, thereby requiring no adjustment to the Storm Fund.

Annual Report of Storm Fund Activity

Attachment 2 reflects a preliminary report of the annual Storm Fund activity, pending final accounting of all storm costs incurred during the calendar year period. This report shows the opening balance of the Storm Fund, monthly contributions, monthly interest applied, final/preliminary charges and/or credits, other entries to the Storm Fund, and the closing balance of the Storm Fund.

Attachment 3 represents the monthly detail of the storm-related charges applied to the Storm Fund during calendar year 2014 by individual storm event. The charges reflect the final accounting for all the qualifying storm events, as filed in the Company's June 30, 2016 Final Storm Accounting for 2012 through March 2013 Storm Events, with the exception of the November 2013 storm event. Details of the costs related to this qualifying Storm Fund storm events will be provided following final accounting.

The Narragansett Electric Company
d/b/a National Grid
Annual Escalation of Storm Fund Threshold

Line No.	Description	Amount (a)
1	2014 Annual Storm Fund Threshold	\$ 808,000
2	Times Change in Consumer Price Index	0.67%
3	Additional Storm Fund Threshold	<u>\$ 5,414</u>
4	Actual Annual Storm Threshold for 2015	<u>\$ 813,414</u>
5	Proposed Annual Storm Fund Threshold for 2015	<u><u>\$ 813,000</u></u>

Line Notes:

- 1/ Annual Threshold based on the Distribution Rate Plan Second Amended Stipulation and Settlement dated October 15, 2004
- 2/ Consumer Price Index, Seasonally Adjusted, as shown below:

	<u>Index</u>	<u>Percent Change</u>
All Urban Consumers - Base Period 1982-84=100 @ 12/01/13	234.6	
All Urban Consumers - Base Period 1982-84=100 @ 12/01/14	236.1	0.67%

- 3/ Line 1 times Line 2
- 4/ Line 1 plus Line 3
- 5/ Line 4 rounded to the nearest thousand

The Narragansett Electric Company
d/b/a National Grid
Revised Annual Report of Storm Fund Activity
For the Year Ended December 31, 2014

Line No.	Month	Beginning Balance	Monthly Contributions				Monthly Interest	Storm Charges	Adjustments	Ending Balance
			Monthly Contribution	Monthly Contribution	Monthly Contribution	Total Monthly Contributions				
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	January-14	(\$83,964,170)	\$150,000	\$250,000	\$209,261	\$609,261	(\$126,246)	(\$514,787)	\$0	(\$83,995,942)
2	February-14	(83,995,942)	150,000	250,000	209,261	609,261	(126,451)	(145,280)	-	(83,658,412)
3	March-14	(83,658,412)	150,000	250,000	209,261	609,261	(164,428)	(65,875)	-	(83,279,453)
4	April-14	(83,279,453)	150,000	250,000	209,261	609,261	(163,685)	(327)	-	(82,834,205)
5	May-14	(82,834,205)	150,000	250,000	209,261	609,261	(162,814)	34,627	-	(82,353,130)
6	June-14	(82,353,130)	150,000	250,000	209,261	609,261	(161,871)	(52,237)	-	(81,957,977)
7	July-14	(81,957,977)	150,000	250,000	209,261	609,261	(161,098)	-	-	(81,509,814)
8	August-14	(81,509,814)	150,000	250,000	209,261	609,261	(160,220)	-	-	(81,060,773)
9	September-14	(81,060,773)	150,000	250,000	209,261	609,261	(159,341)	-	-	(80,610,852)
10	October-14	(80,610,852)	150,000	250,000	209,261	609,261	(158,459)	-	-	(80,160,051)
11	November-14	(80,160,051)	150,000	250,000	209,261	609,261	(157,577)	-	-	(79,708,367)
12	December-14	(79,708,367)	150,000	250,000	209,261	609,261	(156,692)	-	1,037,730	(78,218,068)
13	Year Ended 12/31/14	(\$83,964,170)	\$1,800,000	\$3,000,000	\$2,511,132	\$7,311,132	(\$1,858,882)	(\$743,878)	\$1,037,730	(\$78,218,068)

Column Notes:

- (a) Beginning balance adjusted to reflect removal of Pension/PBOP costs in calendar year 2013 as compared to the Company's June 30, 2016 submission of its final accounting related to storm events occurring in 2012 through March 2013.
- (b) Per RIPUC. Docket No 4323, the base-rate revenue requirement includes \$1,800,000 annually as a contribution to the Storm Fund.
- (c) Per RIPUC Docket No. 4323, an additional \$3.0 million is to be contributed annually to the Storm Fund for a period of six years commencing February 1, 2013. At the end of the six-year period, the continuation of this supplemental \$3.0 million annual Storm Fund contribution will be subject to PUC review.
- (d) Per RIPUC Docket No. 4323, the 10-year amortization of \$25 million related to a 2003 VERO as approved in Docket No. 3617, concluded December 31, 2013 (annual amortization of \$2.5 million). Upon its conclusion, the \$2.5 million will be credited to the Storm Fund.
- (g) See 2014 Storm Fund Report - Revised, Attachment 3 - No Revision.
- (h) Represents 50% of 2014 attachment fee revenue in excess of \$850,000, in the amount of \$338,335, as well as insurance proceeds related to the March 2010 flood, in the amount of \$699,395. For Calendar Year 2014, costs related to the amount of non-deferrable storm expense of \$3,041,033 are within the base rate allowance of \$3,722,000 +/- a \$2 million collar as per the Amended Settlement Agreement in RIPUC Docket No. 4323, thereby requiring no adjustment to the Storm Fund.
- (i) Ending balance does not reflect true up of storm-related capital costs to actual installed units for storm events experienced after March 2013.

The Narragansett Electric Company
d/b/a National Grid
Revised Storm Fund Charges
For the Year Ended December 31, 2014

Line No.	Month	Oct-2012 Storm Event (a)	Nov-2012 Storm Event (b)	Feb-2013 Nemo Storm Event (c)	Feb-2013 Storm Event (d)	Mar-2013 Storm Event (e)	Nov-2013 Storm Event (f)	Total (g)
1	January-14	(\$49,942)	(\$1,554)	(\$401,690)	\$0	(\$70)	(\$61,531)	(\$514,787)
2	February-14	(8,497)	(1,726)	(85,993)	(518)		(48,545)	(145,280)
3	March-14	(3,270)		(42,247)	(10)	(14,045)	(6,302)	(65,875)
4	April-14			(310)			(17)	(327)
5	May-14			35,893			(1,266)	34,627
6	June-14			(52,237)				(52,237)
7	July-14							-
8	August-14							-
9	September-14							-
10	October-14							-
11	November-14							-
12	December-14							-
13	Year Ended 12/31/14	(\$61,709)	(\$3,280)	(\$546,585)	(\$528)	(\$14,115)	(\$117,661)	(\$743,878)

Column Notes:

- (a) Represents final costs associated with Hurricane Sandy
- (b) Represents final costs associated with the November 2012 snowstorm
- (c) Represents final costs associated with the February 2013 Nor'Easter (Nemo)
- (d) Represents final costs associated with the February 2013 snowstorm
- (e) Represents final costs associated with the March 2013 snowstorm
- (f) Represents preliminary costs associated with the November 2013 windstorm

The Narragansett Electric Company
d/b/a National Grid
Storm Fund Report for Calendar Year 2015
Revised

December 21, 2016

**The Narragansett Electric Company
d/b/a National Grid
Storm Fund Report - Calendar Year 2015**

In compliance with the Rhode Island Public Utilities Commission (PUC) order in Docket No. 2509 regarding Storm Funds, The Narragansett Electric Company (the Company or National Grid) submits the following annual Storm Fund Report.

Annual Escalation of the Storm Fund Threshold

The new Storm Fund Threshold, calculated on Attachment 1 of this report, is **\$819,000**, an increase of **0.72%** compared with the previous threshold of **\$813,000**. This increase reflects the percentage change in the Seasonally Adjusted Consumer Price Index for All Urban Consumers (CPI-U) for the month of December 2015 as compared to the preceding year.

Annual Change in the Storm Fund Interest Rate

The interest rate to be applied to the Storm Fund for the period March 1, 2015 through February 29, 2016 is based upon the average of the monthly rates for the twelve-month period ended December 31, 2014 for 10-year Constant Maturity Treasury Bonds as reported by the Federal Reserve Board. As filed with the PUC on January 16, 2015, this average rate for the twelve-month period ended December 31, 2014 is **2.54%**.

Incremental Attachment Fee Revenue

Pursuant to the Distribution Rate Plan Second Amended Stipulation and Settlement approved in Docket No. 3617, 50 percent 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 credited to the Company's Storm Fund. In December 2015, **\$360,166** was credited to the Storm Fund pursuant to this provision.

Non-deferrable Storm Expense

Pursuant to the Second Amended Settlement approved in Docket No. 4323, the amount of non-deferrable storm expense allowed for recovery through base rates is set at \$3,722,000 annually, subject to the following: If the actual level of non-deferrable storm expense in any

Non-deferrable Storm Expense (continued)

calendar year is greater than \$5,722,000, then the amount in excess of \$5,722,000 shall be charged to the Company's Storm Fund. If the actual level of non-deferrable storm expense in any calendar year is less than \$1,722,000, then the amount by which \$1,722,000 exceeds the actual non-deferrable storm expense in that calendar year is credited to the Company's Storm Fund. For Calendar Year 2015, costs related to the amount of non-deferrable storm expense are within the base rate allowance of \$3,722,000 +/- the \$2 million collar, thereby requiring no adjustment to the Storm Fund.

Annual Report of Storm Fund Activity

Attachment 2 reflects a preliminary report of the annual Storm Fund activity, pending final accounting of storm costs incurred during the calendar year period. This report shows the opening balance of the Storm Fund, monthly contributions, monthly interest applied, preliminary charges and/or credits, other entries to the Storm Fund, and the closing balance of the Storm Fund.

Attachment 3 represents the monthly detail of the preliminary storm-related charges applied to the Storm Fund during calendar year 2015 by individual storm event. Details of the costs related to these qualifying Storm Fund storm events will be provided following final accounting.

The Narragansett Electric Company
d/b/a National Grid
Annual Escalation of Storm Fund Threshold

Line No.	Description	Amount (a)
1	2015 Annual Storm Fund Threshold	\$ 813,000
2	Times Change in Consumer Price Index	0.72%
3	Additional Storm Fund Threshold	<u>\$ 5,854</u>
4	Actual Annual Storm Threshold for 2016	<u>\$ 818,854</u>
5	Proposed Annual Storm Fund Threshold for 2016	<u><u>\$ 819,000</u></u>

Line Notes:

- 1/ Annual Threshold based on the Distribution Rate Plan Second Amended Stipulation and Settlement dated October 15, 2004
- 2/ Consumer Price Index, Seasonally Adjusted, as shown below:

	Index	Percent Change
All Urban Consumers - Base Period 1982-84=100 @ 12/01/14	236.1	
All Urban Consumers - Base Period 1982-84=100 @ 12/01/15	237.8	0.72%

- 3/ Line 1 times Line 2
- 4/ Line 1 plus Line 3
- 5/ Line 4 rounded to the nearest thousand

The Narragansett Electric Company
d/b/a National Grid
Revised Annual Report of Storm Fund Activity
For the Year Ended December 31, 2015

Line No.	Month	Beginning Balance	Monthly Contributions				Monthly Interest	Storm Charges	Adjustments	Ending Balance
			Monthly Contribution	Monthly Contribution	Monthly Contribution	Total Monthly Contributions				
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	January-15	(\$78,218,068)	\$150,000	\$250,000	\$209,261	\$609,261	(\$153,774)	\$0	\$0	(\$77,762,580)
2	February-15	(77,762,580)	150,000	250,000	209,261	609,261	(152,882)	(841,676)	-	(78,147,877)
3	March-15	(78,147,877)	150,000	250,000	209,261	609,261	(166,058)	(3,667,935)	-	(81,372,608)
4	April-15	(81,372,608)	150,000	250,000	209,261	609,261	(172,883)	(1,820,473)	-	(82,756,704)
5	May-15	(82,756,704)	150,000	250,000	209,261	609,261	(175,813)	(23,138)	-	(82,346,393)
6	June-15	(82,346,393)	150,000	250,000	209,261	609,261	(174,945)	(772)	-	(81,912,849)
7	July-15	(81,912,849)	150,000	250,000	209,261	609,261	(174,027)	(436,792)	-	(81,914,407)
8	August-15	(81,914,407)	150,000	250,000	209,261	609,261	(174,030)	(2,957,904)	-	(84,437,080)
9	September-15	(84,437,080)	150,000	250,000	209,261	609,261	(179,370)	(5,876,702)	-	(89,883,891)
10	October-15	(89,883,891)	150,000	250,000	209,261	609,261	(190,899)	(531,863)	-	(89,997,392)
11	November-15	(89,997,392)	150,000	250,000	209,261	609,261	(191,139)	(836,739)	-	(90,416,010)
12	December-15	(90,416,010)	150,000	250,000	209,261	609,261	(192,025)	(232,013)	360,166	(89,870,621)
13	Year Ended 12/31/15	(\$78,218,068)	\$1,800,000	\$3,000,000	\$2,511,132	\$7,311,132	(\$2,097,845)	(\$17,226,006)	\$360,166	(\$89,870,621)

Column Notes:

- (a) Beginning balance adjusted to reflect removal of Pension/PBOP costs in calendar year 2013 as compared to the Company's June 30, 2016 submission of its final accounting related to storm events occurring in 2012 through March 2013.
- (b) Per RIPUC. Docket No 4323, the base-rate revenue requirement includes \$1,800,000 annually as a contribution to the Storm Fund.
- (c) Per RIPUC Docket No. 4323, an additional \$3.0 million is to be contributed annually to the Storm Fund for a period of six years commencing February 1, 2013. At the end of the six-year period, the continuation of this supplemental \$3.0 million annual Storm Fund contribution will be subject to PUC review.
- (d) Per RIPUC Docket No. 4323, the 10-year amortization of \$25 million related to a 2003 VERO as approved in Docket No. 3617, concluded December 31, 2013 (annual amortization of \$2.5 million). Upon its conclusion, the \$2.5 million will be credited to the Storm Fund.
- (g) See 2015 Storm Fund Report - Revised, Attachment 3 - No Revision.
- (h) Represents 50% of 2015 attachment fee revenue in excess of \$850,000. For Calendar Year 2015, costs related to the amount of non-deferrable storm expense of \$2,417,392 are within the base rate allowance of \$3,722,000 +/- a \$2 million collar as per the Amended Settlement Agreement in RIPUC Docket No. 4323, thereby requiring no adjustment to the Storm Fund.
- (i) Ending balance does not reflect true up of storm-related capital costs to actual installed units for storm events experienced after March 2013.

The Narragansett Electric Company
d/b/a National Grid
Revised Storm Fund Charges
For the Year Ended December 31, 2015

Line No.	Month	Jan-2015 Blizzard Storm Event (a)	Feb-2015 Storm Event (b)	Aug-2015 Storm Event (c)	Total (d)
1	January-15	\$ -	\$ -	\$ -	\$ -
2	February-15	(841,676)	-		(841,676)
3	March-15	(3,054,978)	(612,957)		(3,667,935)
4	April-15	(1,558,590)	(261,882)		(1,820,473)
5	May-15	(21,929)	(1,209)		(23,138)
6	June-15	(772)			(772)
7	July-15	(436,792)			(436,792)
8	August-15	(277,188)	(1,395)	(2,679,322)	(2,957,904)
9	September-15	(1,061)		(5,875,641)	(5,876,702)
10	October-15	(2,190)		(529,673)	(531,863)
11	November-15			(836,739)	(836,739)
12	December-15			(232,013)	(232,013)
13	Year Ended 12/31/15	(\$6,195,175)	(\$877,443)	(\$10,153,388)	(\$17,226,006)

Column Notes:

- (a) Represents preliminary costs associated with the January 2015 blizzard
- (b) Represents preliminary costs associated with the February 2015 snowstorm
- (c) Represents preliminary costs associated with the August 2015 thunderstorms