

April 2, 2019

**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  
Annual Storm Fund Report for 2018**

Dear Ms. Massaro:

In accordance with Rhode Island Public Utilities Commission (PUC) Order No. 15360 (August 19, 1997) and paragraph 4(a) of the Joint Proposal and Settlement In Lieu of Comments Submitted by The Narragansett Electric Company and The Division of Public Utilities and Carriers (Division) (the Settlement) approved by the PUC in Docket No. 2509, enclosed are ten (10) copies of National Grid's<sup>1</sup> Storm Fund Report for calendar year 2018.

Consistent with recent annual Storm Fund Report filings, the Company has omitted the detailed costs of each of the individual qualifying storm events since the costs are preliminary. Detailed cost information will be provided at the time the Company files its final accounting in accordance with Paragraph 4(c) of the Settlement, as modified by Paragraph (10) of the Joint Proposal and Settlement between the Company and Division, approved by the PUC in Docket No. 4686 (Joint Settlement).<sup>2</sup>

In addition, the Company is reviewing the Net Revenue (as defined in the Joint Settlement) received by the Company for performing storm response services in other jurisdictions for major storms events that occurred after April 27, 2018, to determine what amount, if any, will be credited to the Storm Fund pursuant to Paragraph (2) of the Joint Settlement.<sup>3</sup> Once those amounts have been finalized, the Company will file a revised annual Storm Fund Report for calendar year 2018 to reflect those credits and/or adjustments to the Storm Fund in the appropriate month.

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

<sup>2</sup> Paragraph 4(c) of the Settlement requires the Company to file with the PUC an accounting within thirty (30) days after the Company has made final charges and accounting adjustments to the Storm Fund for a particular qualifying storm.

<sup>3</sup> Paragraph (2) of the Joint Settlement requires the Company to credit its customers for 75% of the Net Revenue received by the Company for performing storm response services in other jurisdictions for major storm events occurring subsequent to the PUC's approval of the Joint Settlement on April 27, 2018.

Luly E. Massaro, Commission Clerk  
Docket 2509 – 2018 Annual Storm Fund Report  
April 2, 2019  
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Please also note that, in its annual Storm Fund Report for calendar year 2019, the Company will reflect a credit to the Storm Fund in the amount of \$85,806.26 in January 2019, as required by Paragraph 2 of the Amended Settlement Agreement between the Company and the Staff Advocacy Section of the Rhode Island Division of Public Utilities and Carriers, which was approved by the Division in Docket No. D-17-45 (Order No. 23401, issued on January 31, 2019).

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  
Docket D-11-94 Service List  
Kevin Lynch, Division  
Jonathan Schrag, Division  
John Bell, Division  
Christy Hetherington, Esq.  
Leo Wold, Esq.

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

April 2, 2019  
Date

**Docket No. 2509 – National Grid – Storm Fund  
Service List as of 1/25/2019**

<b>Name/Address</b>	<b>E-mail</b>	<b>Phone</b>
Celia B. O’Brien, Esq. National Grid 280 Melrose St. Providence, RI 02907	<a href="mailto:robert.humm@nationalgrid.com">robert.humm@nationalgrid.com</a> ;	781-907-2153
	<a href="mailto:Celia.obrien@nationalgrid.com">Celia.obrien@nationalgrid.com</a> ;	
	<a href="mailto:Joanne.scanlon@nationalgrid.com">Joanne.scanlon@nationalgrid.com</a> ;	
Christy Hetherington, Esq. Dept. of Attorney General 150 South Main St. Providence, RI 02903	<a href="mailto:CHetherington@riag.ri.gov">CHetherington@riag.ri.gov</a> ;	401-222-2424
	<a href="mailto:John.bell@dpuc.ri.gov">John.bell@dpuc.ri.gov</a> ;	
	<a href="mailto:Joseph.shilling@dpuc.ri.gov">Joseph.shilling@dpuc.ri.gov</a> ;	
	<a href="mailto:MFolcarelli@riag.ri.gov">MFolcarelli@riag.ri.gov</a> ;	
<b>File an original &amp; 8 copies w/:</b> Luly E. Massaro, Commission Clerk Margaret Hogan, Commission Counsel Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	<a href="mailto:Luly.massaro@puc.ri.gov">Luly.massaro@puc.ri.gov</a> ;	401-780-2107
	<a href="mailto:Todd.bianco@puc.ri.gov">Todd.bianco@puc.ri.gov</a> ;	
	<a href="mailto:Margaret.Hogan@puc.ri.gov">Margaret.Hogan@puc.ri.gov</a> ;	
	<a href="mailto:Alan.nault@puc.ri.gov">Alan.nault@puc.ri.gov</a> ;	
	<a href="mailto:Cynthia.WilsonFrias@puc.ri.gov">Cynthia.WilsonFrias@puc.ri.gov</a> ;	

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

John Spirito, Esq. Division of Public Utilities & Carriers	<a href="mailto:John.spirito@dpuc.ri.gov">John.spirito@dpuc.ri.gov</a> ;	401-222-2424
	<a href="mailto:thomas.kogut@dpuc.ri.gov">thomas.kogut@dpuc.ri.gov</a> ;	
	<a href="mailto:kevin.lynch@dpuc.ri.gov">kevin.lynch@dpuc.ri.gov</a> ;	

**The Narragansett Electric Company**  
d/b/a National Grid  
Storm Fund Report for Calendar Year 2018

April 2, 2019

**The Narragansett Electric Company  
d/b/a National Grid  
Storm Fund Report - Calendar Year 2018**

In compliance with the Rhode Island Public Utilities Commission (PUC) order in Docket No. 2509 regarding Storm Funds and decision at the conclusion of the evidentiary hearing on April 27, 2018, in Docket No. 4686 regarding the Company's request for Storm Fund replenishment, 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 is currently \$1,100,000 in accordance with the Joint Proposal and Settlement (Joint Proposal and Settlement) that was approved by the PUC in Docket No. 4686. The threshold amount will escalate effective January 1, 2020, and every January 1 thereafter by the average inflation projection of the Consumer Price Index for All Urban Consumers (CPI-U) and the Gross Domestic Product Chain-Type Price Index (GDP-CTPI).

Annual Change in the Storm Fund Interest Rate

The interest rate to be applied to the Storm Fund for the period March 1, 2018, through February 28, 2019, is based upon the average of the monthly rates for the twelve-month period ended December 31, 2017, for 10-year Constant Maturity Treasury Bonds as reported by the Federal Reserve Board. As filed with the PUC on January 5, 2018, this average rate for the twelve-month period ended December 31, 2017, is **2.33%**.

Incremental Attachment Fee Revenue

Pursuant to the Joint Proposal and Settlement, 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 2018, **\$212,506** was credited to the Storm Fund pursuant to this provision.

### Non-deferrable Storm Expense

Pursuant to the Amended Settlement Agreement approved by the PUC in Docket No. 4770, the amount of non-deferrable storm expense allowed for recovery through base distribution rates is set at \$3,194,000 annually, subject to the following: If the actual level of non-deferrable storm expense in any calendar year is greater than \$5,194,000, then the amount in excess of \$5,194,000 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 \$1,194,000, then the amount by which \$1,194,000 exceeds the actual non-deferrable storm expense in that calendar year is credited to the Company's Storm Fund. For Calendar Year 2018, costs related to the amount of non-deferrable storm expense are within the base distribution rate allowance of \$3,546,000 +/- the \$2 million collar, thereby requiring no adjustment to the Storm Fund.<sup>1</sup>

### 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 2018 by individual storm event. Details of the costs related to these qualifying Storm Fund storm events will be provided following final accounting.

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<sup>1</sup> Because base distribution rates approved by the PUC in Docket No. 4770 became effective on September 1, 2018, the Company's calculated calendar year 2018 base distribution rate allowance is \$3,546,000 (((\$3,722,000/12 months x 8 months) + (\$3,194,000/12 months x 4 months)) +/- the collar, or upper and lower limits of \$5,546,000 and \$1,546,000, respectively.

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

Line No.	Description	Amount (a)
1	2018 Annual Storm Fund Threshold	\$1,100,000
2	Multiplied by the average change in CPI-U and GDP-CTPI	0.00%
3	Additional Storm Fund Threshold	<u>\$0</u>
4	Actual Annual Storm Threshold for 2019	<u>\$1,100,000</u>
5	Proposed Annual Storm Fund Threshold for 2019	<u><u>\$1,100,000</u></u>

Line Notes:

- 1/ Effective with new base distribution rates, the Storm Fund threshold amount was increased to \$1,100,000. Consistent with the existing Storm Fund, the threshold amount will increase January 1, 2020 per the Joint Proposal and Settlement, RIPUC Docket No. 4686 and every January 1 thereafter.
- 2/ CPI-U and GDP-CTPI Adjusted, as shown below (Illustrative):

Year	CPI-U	% Change	GDP-CTPI	% Change	Average
2017	247.90		247.96		
2018	252.72	1.95%	252.81	1.96%	1.95%

- 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  
2018 Storm Fund Report  
2018 Storm Fund Activity  
RIPUC Docket No. 2509  
Attachment 2  
Estimated

The Narragansett Electric Company  
d/b/a National Grid  
Annual Report of Storm Fund Activity  
For the Year Ended December 31, 2018

Line No.	Month	Beginning Balance (a)	Monthly Contributions			Monthly Interest (f)	Storm Charges (g)	Adjustments (h)	Ending Balance (i)
			Monthly Contribution (b)	Supplemental Contribution (d)	Total Monthly Contributions (e)				
1	January-18	(\$91,808,798)	\$359,261	2,008,173	\$2,617,434	(\$142,497)	(\$7,590,596)	\$0	(\$96,924,457)
2	February-18	(96,924,457)	359,261	1,728,208	2,337,469	(150,624)	(\$6,301,780)	0	(101,039,393)
3	March-18	(101,039,393)	359,261	1,646,994	2,256,255	(198,454)	(\$10,772,812)	0	(109,754,404)
4	April-18	(109,754,404)	359,261	1,626,500	2,235,761	(215,297)	(\$6,239,026)	2,000,000	(111,972,966)
5	May-18	(111,972,966)	359,261	1,587,620	2,196,881	(219,585)	(\$16,946,708)	0	(126,942,378)
6	June-18	(126,942,378)	359,261	1,636,009	2,245,270	(248,613)	(\$6,105,500)	0	(131,051,220)
7	July-18	(131,051,220)	359,261	2,023,280	2,632,541	(256,638)	(\$772,792)	0	(129,448,109)
8	August-18	(129,448,109)	359,261	2,201,131	2,810,392	(253,901)	(\$289,709)	0	(127,181,327)
9	September-18	(127,181,327)	359,261	2,215,153	2,824,414	(249,672)	(\$98,631)	0	(124,705,217)
10	October-18	(124,705,217)	359,261	1,670,353	2,279,614	(244,878)	(\$64,932)	0	(122,735,413)
11	November-18	(122,735,413)	359,261	1,545,904	2,155,165	(240,524)	(\$1,542,605)	0	(122,363,377)
12	December-18	(122,363,377)	359,261	1,737,146	2,346,407	(239,681)	(\$1,624,368)	212,506	(121,668,513)
13	Year Ended 12/31/18	(\$91,808,798)	\$4,311,132	\$21,626,470	\$28,937,602	(\$2,660,363)	(\$58,349,459)	\$2,212,506	(\$121,668,513)

Column Notes:

- (a) See 2017 Storm Fund Report - Attachment 2.
- (b) Per RIPUC Docket No. 4770, the base distribution rate revenue requirement includes \$4,311,132 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. Per RIPUC Docket No. 4686, an extension of an additional \$3.0 million is to be contributed annually to the Storm Fund for a period of twenty-six months, with an expiration date of March 31, 2021.
- (d) Per RIPUC Docket No. 4686, Storm Fund Replenishment Factor (SFRF) amount for a period of four years commencing July 1, 2017.
- (e) Column (b) + Column (c) + Column (d).
- (f) ((Current Month Beginning Balance) - (Previous Month Total Contributions / 2) x Current Customer Deposit Rate/12).
- (g) See 2018 Storm Fund Report - Attachment 3.
- (h) April 2018 represents a \$2 million adjustment per the Joint Settlement Agreement, RIPUC Docket No. 4686. December 2018 represents 50% of 2018 attachment fee revenue in excess of \$850,000. For Calendar Year 2018, costs related to the amount of non-deferrable storm expense of \$3,020,362 are within the base distribution rate allowance of \$3,546,000 +/- a \$2 million collar as per the Amended Settlement Agreement in RIPUC Docket No. 4770, thereby requiring no adjustment to the Storm Fund.
- (i) Column (a) + Column (e) + Column (f) + Column (g) + Column (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  
2018 Storm Fund Report  
2018 Storm Fund Charges  
RIPUC Docket No. 2509  
Attachment 3  
Estimated

The Narragansett Electric Company  
d/b/a National Grid  
Storm Fund Charges  
For the Year Ended December 31, 2018

Line No.	Month	Mar-14-2017 Storm Event (a)	Oct-29-2017 Storm Event (b)	Jan-4-2018 Storm Event (c)	Mar-2-2018 Storm Event (d)	Mar-7-2018 Storm Event (e)	Mar-13-2018 Storm Event (f)	Mar-21-2018 Storm Event (g)	Oct-27-2018 Storm Event (h)	Nov-3-2018 Storm Event (i)	Dec-21-2018 Storm Event (i)	Total (k)
1	January-18		(\$7,200,508)	(\$390,087)								(\$7,590,596)
2	February-18		(1,509,748)	(4,792,033)								(6,301,780)
3	March-18	(6,481)	(505,734)	(192,501)	(6,752,590)	(1,771,834)	(1,543,672)	(204,016)				(10,772,812)
4	April-18		(308,637)	(36,756)	(4,345,472)	(676,604)	(667,541)	(1,739,380)				(6,239,026)
5	May-18		(33,448)	286	(8,595,824)	(1,604,487)	(4,973,854)	(1,675,691)				(16,946,708)
6	June-18		(184,938)		(925,411)	(10,724)	(3,308,735)					(6,105,500)
7	July-18		(5,388)		(548,640)	(792)	(217,973)					(772,792)
8	August-18		(7,709)		(171,382)	(3,312)	(104,910)	(2,396)				(289,709)
9	September-18	(57)	(12,167)		(39,332)	(4,418)	(39)	(42,618)	(14,117)			(98,631)
10	October-18				(39,333)	(11,964)		481	(1,136,151)			(64,932)
11	November-18		(294)		(8,616)	(6,024)	(3,485)	(3,153)	(1,136,151)	(384,882)		(1,542,605)
12	December-18		(624)				(152)		(821,645)	(635,259)	(166,687)	(1,624,368)
13	Year Ended 12/31/18	(\$6,538)	(\$9,769,194)	(\$5,411,091)	(\$21,426,599)	(\$4,090,159)	(\$10,820,363)	(\$3,666,773)	(\$1,971,913)	(\$1,020,142)	(\$166,687)	(\$58,349,459)

Column Notes:

- (a) Represents preliminary costs associated with the March 14, 2017 (Stella) storm event.
- (b) Represents preliminary costs associated with the October 29, 2017 storm event.
- (c) Represents preliminary costs associated with the January 4, 2018 (Grayson) storm event.
- (d) Represents preliminary costs associated with the March 2, 2018 (Riley) storm event.
- (e) Represents preliminary costs associated with the March 7, 2018 (Quinn) storm event.
- (f) Represents preliminary costs associated with the March 13, 2018 (Skylar) storm event.
- (g) Represents preliminary costs associated with the March 21, 2018 (Toby) storm event.
- (h) Represents preliminary costs associated with the October 27, 2018 storm event.
- (i) Represents preliminary costs associated with the November 3, 2018 storm event.
- (j) Represents preliminary costs associated with the December 21, 2018 storm event.
- (k) Column (a) + (b) + (c) + (d) + (e) + (f) + (g) + (h) + (i) + (j).