

April 1, 2021

VIA 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 2020**

Dear Ms. Massaro:

On behalf of The Narragansett Electric Company d/b/a National Grid (“National Grid” or the “Company”), enclosed¹, please find the Company’s Annual Storm Fund Report for 2020. This Report is being filed in accordance with Order No. 15360 that was issued by the Rhode Island Public Utilities Commission (“PUC”) on August 19, 1997 in Docket No. 2509 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”)² which was executed on March 28, 1997 and approved by the PUC in Docket No. 2509.

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 which was executed on September 25, 2017 and approved by the PUC in Docket No. 4686 (the “Joint Settlement”).³

¹ Per Commission counsel’s update on October 2, 2020, concerning the COVID-19 emergency period, the Company is submitting an electronic version of this filing. The Company will provide the Commission Clerk with five (5) hard copies and, if needed, additional hard copies of the enclosures upon request.

² Paragraph 4(a) of the Settlement provides that the Company will file with the PUC a calendar year-end report within 90 days of the year-end.

³ Paragraph 10 of the Joint Settlement provides that the Company will use its best efforts to file the final accounting for each major storm event within two years following the end of the calendar year in which the storm event occurred.

Luly E. Massaro, Commission Clerk
Docket 2509 – 2020 Annual Storm Fund Report
April 1, 2021
Page 2 of 2

Thank you for your attention to this transmittal. If you have any questions, please contact me at 401-784-7263.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Andrew S. Marcaccio".

Andrew S. Marcaccio


Enclosures

cc: Docket 2509 Service List
Docket D-11-94 Service List
Kevin Lynch, Division
John Spirito, Division
John Bell, Division
Tiffany Parenteau, 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 1, 2021

Date

**Docket No. 2509 – National Grid – Storm Fund
Service List as of 11/5/2020**

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

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The Narragansett Electric Company
d/b/a National Grid
Storm Fund Report for Calendar Year 2020

April 1, 2021

**The Narragansett Electric Company
d/b/a National Grid
Storm Fund Report - Calendar Year 2020**

In compliance with the Rhode Island Public Utilities Commission (PUC) order in Docket No. 2509 regarding Storm Funds and the PUC order 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

Effective January 1, 2021, the new Storm Fund Threshold, calculated on Attachment 1 of this report, is **\$1,134,000**, an increase of **1.24** percent compared with the previous threshold of **\$1,120,000**. This is 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 escalates every January 1 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, 2020, through February 28, 2021, is based upon the average of the monthly rates for the twelve-month period ended December 31, 2019, for 10-year Constant Maturity Treasury Bonds as reported by the Federal Reserve Board. As filed with the PUC on January 15, 2020, this average rate for the twelve-month period ended December 31, 2019, is **2.14** percent.

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 2020, **\$667,688** 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 2020, costs related to the amount of non-deferrable storm expense are within the base distribution rate allowance of \$3,194,000 +/- 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 2020 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	2020 Annual Storm Fund Threshold	\$1,120,000
2	Multiplied by the average change in CPI-U and GDP-CTPI	1.24%
3	2021 Adjustment to Storm Fund Threshold	<u>\$13,888</u>
4	Adjusted Annual Storm Fund Threshold for 2021	<u>\$1,133,888</u>
5	Rounded Annual Storm Fund Threshold for 2021	<u><u>\$1,134,000</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:

Year	CPI-U	% Change	GDP-CTPI	% Change	Average
2019	257.83		112.99		
2020	260.97	1.22%	114.42	1.26%	1.24%

- 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
Annual Report of Storm Fund Activity
For the Year Ended December 31, 2020

Line No.	Month	Beginning Balance (a)	Monthly Contributions			Total Monthly Contributions (e)	Monthly Interest (f)	Storm Charges (g)	Net Revenue Sharing Adjustment (h)	Adjustments (i)	Ending Balance (j)
			Monthly Contribution (b)	Monthly Contribution (c)	Supplemental Contribution (d)						
1	January-20	(\$115,334,956)	\$359,261	\$250,000	\$1,743,731	\$2,352,992	(\$282,435)	(\$1,118,320)	\$0	\$0	(\$114,382,719)
2	February-20	(\$114,382,719)	\$359,261	\$250,000	\$1,615,010	\$2,224,271	(\$280,231)	(\$1,344,281)	\$527	\$0	(\$113,782,433)
3	March-20	(\$113,782,433)	\$359,261	\$250,000	\$1,558,013	\$2,167,274	(\$204,895)	(\$2,352,213)	\$0	\$0	(\$114,172,268)
4	April-20	(\$114,172,268)	\$359,261	\$250,000	\$1,574,875	\$2,184,136	(\$205,540)	(\$2,873,135)	\$1,035	\$0	(\$115,065,772)
5	May-20	(\$115,065,772)	\$359,261	\$250,000	\$1,505,315	\$2,114,576	(\$207,148)	(\$906,951)	\$8,755	\$0	(\$114,056,540)
6	June-20	(\$114,056,540)	\$359,261	\$250,000	\$1,558,280	\$2,167,541	(\$205,286)	(\$502,883)	\$0	\$0	(\$112,597,168)
7	July-20	(\$112,597,168)	\$359,261	\$250,000	\$2,005,511	\$2,614,772	(\$202,731)	(\$3,693,909)	\$0	\$0	(\$113,879,035)
8	August-20	(\$113,879,035)	\$359,261	\$250,000	\$2,305,356	\$2,914,617	(\$205,416)	(\$2,792,741)	\$1,161	\$0	(\$113,961,414)
9	September-20	(\$113,961,414)	\$359,261	\$250,000	\$1,817,014	\$2,426,275	(\$205,830)	(\$1,621,469)	\$92	\$0	(\$113,362,346)
10	October-20	(\$113,362,346)	\$359,261	\$250,000	\$1,585,500	\$2,194,761	(\$204,326)	(\$5,179,952)	\$13,206	\$0	(\$116,538,658)
11	November-20	(\$116,538,658)	\$359,261	\$250,000	\$1,464,606	\$2,073,867	(\$209,784)	(\$6,186,797)	\$2,795	\$0	(\$120,858,576)
12	December-20	(\$120,858,576)	\$359,261	\$250,000	\$1,655,328	\$2,264,589	(\$217,380)	(\$3,905,017)	\$9,382	\$667,688	(\$122,039,315)
13	Year Ended 12/31/20	(\$115,334,956)	\$4,311,132	\$3,000,000	\$20,388,540	\$27,699,672	(\$2,631,004)	(\$32,477,668)	\$36,953	\$667,688	(\$122,039,315)

Column Notes:

- Beginning balance adjusted to reflect the revised ending balance per Docket RIPUC 4686 Schedule NG-1, Page 1 of 11, Line 36, Column (m).
- Per RIPUC Docket No. 4770, the base distribution rate revenue requirement includes \$4,311,132 annually as a contribution to the Storm Fund.
- Per RIPUC Docket No. 4323, an additional \$3.0 million is to be contributed annually to the Storm Fund commencing February 1, 2013. The continuation of this supplemental \$3.0 million annual Storm Fund contribution has been extended and will be subject to PUC review per the RIPUC Open Meeting on March 29, 2021.
- Per RIPUC Docket No. 4686, Storm Fund Replenishment Factor (SFRF) amount commencing July 1, 2017. The continuation of the SFRF contribution has been extended and will be subject to PUC review per the RIPUC Open Meeting on March 29, 2021.
- Column (b) + Column (c) + Column (d).
- $((\text{Current Month Beginning Balance}) - (\text{Previous Month Total Contributions} / 2) \times \text{Current Customer Deposit Rate}/12)$.
- See 2020 Storm Fund Report - Attachment 3, Column (o).
- In accordance with Paragraph (2) of the Joint Settlement Agreement, RIPUC Docket No. 4686, Net Revenue Sharing is a credit to the Storm Fund reflecting 75 percent of certain proceeds received by the Company for performing storm response services in other jurisdictions. Net Revenue is defined as the proceeds received or cost reductions achieved for base labor and non-incremental labor overhead costs on all labor (i.e. not just base labor) charged for storm restoration services provided to other utilities, whether affiliated or non-affiliated, less an amount equal to the labor capitalization rate in the base-rate case in effect during the period in which the storms occurred (41.36 percent for Docket No. 4323 and 53.40 percent for Docket No. 4770).
- December 2020 represents 50% of 2020 attachment fee revenue in excess of \$850,000. For Calendar Year 2020, costs related to the amount of non-deferrable storm expense of \$3,510,607 are within the base distribution rate allowance of \$3,194,000 +/- a \$2 million collar as per the Amended Settlement Agreement in RIPUC Docket No. 4770, thereby requiring no adjustment to the Storm Fund.
- 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 April 2016.

The Narragansett Electric Company
d/b/a National Grid
Storm Fund Charges
For the Year Ended December 31, 2020

Line No.	Date of Storm Event	Storm Event	January-20	February-20	March-20	April-20	May-20	June-20	July-20	August-20	September-20	October-20	November-20	December-20	Year Ended 12/31/20
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
1	February 25, 2019	Wind Storm (Quiana)	(\$454)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$454)
2	March 4, 2019	Snow Storm	(\$126)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$126)
3	October 16, 2019	Wind/Rain Storm	(\$492,794)	(\$84,411)	(\$790,566)	(\$97,962)	(\$16)	\$0	\$0	\$0	(\$354)	\$0	\$0	\$0	(\$1,466,103)
4	October 31, 2019	Wind/Rain Storm	(\$624,946)	(\$11,652)	(\$144,095)	(\$90,851)	(\$15)	\$0	\$0	\$0	(\$1,245)	\$0	\$0	\$0	(\$872,802)
5	February 7, 2020	Wind Storm	\$0	(\$1,248,218)	(\$1,417,552)	(\$1,190,619)	(\$632,569)	\$0	\$0	\$0	(\$320)	\$0	\$0	\$0	(\$4,489,279)
6	April 13, 2020	Wind Storm	\$0	\$0	\$0	(\$1,493,704)	(\$274,351)	(\$502,883)	(\$3,693,909)	(\$9,668)	(\$161,590)	(\$3,017)	(\$105)	\$0	(\$6,139,227)
7	August 7, 2020	Wind Storm	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,783,073)	(\$1,457,930)	(\$3,025,785)	(\$5,313,343)	(\$561,666)	(\$13,141,797)
8	September 30, 2020	Wind Storm	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$31)	(\$791,952)	(\$178,795)	(\$294,741)	(\$1,265,519)
9	October 7, 2020	Wind Storm	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,357,151)	(\$190,891)	(\$161,602)	(\$1,709,645)
10	October 29, 2020	Wind Storm	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,047)	(\$359,996)	(\$177,800)	(\$539,843)
11	November 15, 2020	Wind Storm	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$134,008)	(\$76,424)	(\$210,432)
12	November 30, 2020	Wind Storm	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$9,658)	(\$948,675)	(\$958,333)
13	December 5, 2020	Snow Storm	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,103,361)	(\$1,103,361)
14	December 16, 2020	Snow Storm	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$274,585)	(\$274,585)
15	December 24, 2020	Wind Storm	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$306,163)	(\$306,163)
16	Total		<u>(\$1,118,320)</u>	<u>(\$1,344,281)</u>	<u>(\$2,352,213)</u>	<u>(\$2,873,135)</u>	<u>(\$906,951)</u>	<u>(\$502,883)</u>	<u>(\$3,693,909)</u>	<u>(\$2,792,741)</u>	<u>(\$1,621,469)</u>	<u>(\$5,179,952)</u>	<u>(\$6,186,797)</u>	<u>(\$3,905,017)</u>	<u>(\$32,477,668)</u>

Column Notes:

- (a) Represents date of the storm events.
- (b) Represents the type of storm event.
- (c) through (n) Represents the **preliminary** monthly costs for each storm event.
- (o) Sum of Column (c) through (n)