

June 2, 2014

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 2013 and Updated Annual Storm Fund
Report for 2012

Dear Ms. Massaro:

In accordance with Commission 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 (the “Settlement”) approved by the Commission in Docket 2509, enclosed please find ten (10) copies of National Grid’s¹ Storm Fund Report for calendar year (“CY”) 2013, and an updated Storm Fund Report for CY 2012, which includes Storm Fund activity for the months of November 2012 and December 2012 that had been unavailable at the time of the Company’s April 1, 2013 submission.

Please note that in an effort to simplify this annual Storm Fund Report filing and the information contained in this Docket, the Company has omitted the detailed costs of each of the individual qualifying storm events, as had been submitted in prior Storm Fund Reports. Since the costs associated with the individual qualifying storm events are preliminary costs only, this detailed cost information will be provided at the time the Company files its final accounting in accordance with Paragraph 4(c) of the Settlement.²

Thank you for your attention to this transmittal. If you have any questions, please feel free to contact me at (401) 784-7288.

Very truly yours,



Jennifer Brooks Hutchinson

Enclosures

cc: Leo Wold, Esq.
Steve Scialabba, RI Division
John Bell, RI Division

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

² 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.

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

June 2, 2014

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

In compliance with the Rhode Island Public Utilities Commission (“Commission”) order in Docket No. 2509 regarding Storm Funds, The Narragansett Electric Company (“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 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 2013 by individual storm event. Details of the costs related to these qualifying Storm Fund storm events 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

Annual Report of Storm Fund Activity
For the Year Ended December 31, 2013

Line No.	Month	Beginning Balance	Monthly Contributions			Monthly Interest	Storm Charges 3/	Adjustments	Ending Balance
			Monthly Contribution 1/	Monthly Contribution 2/	Total Monthly Contributions				
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	January-13	\$ (12,395,397)	\$ -	\$ -	\$ -	\$ (28,716)	\$ (4,876,436)	\$ -	\$ (17,300,549)
2	February-13	(17,300,549)	150,000	250,000	400,000	(40,080)	(8,210,895)	-	(25,151,524)
3	March-13	(25,151,524)	150,000	250,000	400,000	(38,027)	(12,564,261)	-	(37,353,812)
4	April-13	(37,353,812)	150,000	250,000	400,000	(56,331)	(10,575,343)	-	(47,585,485)
5	May-13	(47,585,485)	150,000	250,000	400,000	(71,678)	(12,737,659)	-	(59,994,822)
6	June-13	(59,994,822)	150,000	250,000	400,000	(90,292)	(8,560,740)	-	(68,245,855)
7	July-13	(68,245,855)	150,000	250,000	400,000	(102,669)	(3,039,407)	-	(70,987,930)
8	August-13	(70,987,930)	150,000	250,000	400,000	(106,782)	(1,438,011)	-	(72,132,723)
9	September-13	(72,132,723)	150,000	250,000	400,000	(108,499)	(2,235,095)	-	(74,076,317)
10	October-13	(74,076,317)	150,000	250,000	400,000	(111,414)	(3,018,808)	-	(76,806,539)
11	November-13	(76,806,539)	150,000	250,000	400,000	(115,510)	(986,432)	-	(77,508,481)
12	December-13	(77,508,481)	150,000	250,000	400,000	(116,563)	276,957	728,695 4/	(76,219,391)
13	Year Ended 12/31/13	\$ (12,395,397)	\$ 1,650,000	\$ 2,750,000	\$ 4,400,000	\$ (986,561)	\$ (67,966,128)	\$ 728,695	\$ (76,219,391)

1/ Per R.I.P.U.C. Docket No. 4323, the base-rate revenue requirement includes \$1,800,000 annually as a contribution to the Storm Fund.

2/ Per R.I.P.U.C. 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 Commission review.

3/ See Attachment 3 (Represents preliminary costs for the Year Ended December 31, 2013).

4/ 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.

The Narragansett Electric Company
d/b/a National Grid
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	\$ -	\$ (4,548,193)	\$ (328,242)	\$ -	\$ -	\$ -	\$ -	\$ (4,876,436)
2	February-13	(80,815)	(4,219,245)	(120,895)	(3,789,939)				(8,210,895)
3	March-13		(6,362,739)	(72,599)	(5,828,423)		(300,500)		(12,564,261)
4	April-13		(509,164)	(453)	(8,937,563)	(186,372)	(941,791)		(10,575,343)
5	May-13	(731)	(708,157)	(12,516)	(11,818,983)	(143,379)	(53,894)		(12,737,659)
6	June-13		1,266,726	(201)	(9,155,552)	(123,124)	(548,590)		(8,560,740)
7	July-13		(976,017)	909	(1,931,967)		(132,332)		(3,039,407)
8	August-13		(387,072)	(1,769)	(1,047,977)	(61)	(1,131)		(1,438,011)
9	September-13		(388,405)	(825)	(1,701,290)	(44,874)	(99,702)		(2,235,095)
10	October-13	(61,536)	(517,171)	(1,575)	(2,325,187)	(9,662)	(103,678)		(3,018,808)
11	November-13		(144,840)	(1,761)	(261,139)	(60,490)	(91,579)	(426,622)	(986,432)
12	December-13	596	185,673	19,613	252,041	9,889	16,631	(207,485)	276,957
13	Year Ended 12/31/13	\$ (142,486)	\$ (17,308,603)	\$ (520,315)	\$ (46,545,980)	\$ (558,072)	\$ (2,256,565)	\$ (634,107)	\$ (67,966,128)

Column Notes:

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

June 2, 2014

**The Narragansett Electric Company
d/b/a National Grid
Storm Fund Report - Calendar Year 2012 - Updated**

In compliance with the Rhode Island Public Utilities Commission (“Commission”) order in Docket No. 2509 regarding Storm Funds, The Narragansett Electric Company (“Company” or “National Grid”) submits the following updated annual Storm Fund Report to reflect charges for the months of November and December 2012. While there is no change in Attachment 1, the Company submits all Attachments for ease of reference.

Annual Escalation of the Storm Fund Threshold – No Change

The new Storm Fund Threshold, calculated on Attachment 1 of this report, is **\$796,000**, an increase of **1.87%** compared with the previous threshold of **\$781,000**. This increase reflects the percentage change in the Seasonally Adjusted Consumer Price Index for All Urban Consumers (CPI-U) for the month of December 2012 as compared to the preceding year.

Annual Change in the Storm Fund Interest Rate – No Change

The interest rate to be applied to the Storm Fund for the period March 1, 2012 through February 28, 2013 is based upon the average of the monthly rates for the twelve-month period ended December 31, 2011 for 10-year Constant Maturity Treasury Bonds as reported by the Federal Reserve Board. As filed with the Commission on January 9, 2012, this average rate for the twelve-month period ended December 31, 2011 is **2.78%**.

Incremental Attachment Fee Revenue – No Change

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 2012, **\$435,761** was credited to the Storm Fund pursuant to this provision.

Annual Report of Storm Fund Activity – Updated

Attachment 2 – Updated reflects a preliminary report of the annual Storm Fund activity,

Annual Report of Storm Fund Activity (continued)

pending final accounting of storm costs incurred during the calendar year period¹, and has been updated to include charges for the months of November and December 2012. 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 – Updated represents the monthly detail of the preliminary storm-related charges applied to the Storm Fund during calendar year 2012 by individual storm event and has also been updated to include charges for the months of November and December 2012. Details of the costs related to these qualifying Storm Fund storm events will be provided following final accounting.

¹ Final accounting related to calendar year 2010 and 2011 storm events was submitted to the Commission on September 6, 2013.

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

Line No.	Description	Amount (a)
1	2012 Annual Storm Fund Threshold	\$ 781,000
2	Times Change in Consumer Price Index	1.87%
3	Additional Storm Fund Threshold	<u>\$ 14,605</u>
4	Actual Annual Storm Threshold for 2013	<u>\$ 795,605</u>
5	Proposed Annual Storm Fund Threshold for 2013	<u><u>\$ 796,000</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 @ 12/01/11	226.7	
All Urban Consumers - Base Period 1982-84=100 @ 12/01/12	231.0	1.87%

- 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, 2012

Line No.	Month	Beginning Balance (a)	Monthly Contribution (b)	Monthly Interest (c)	Storm Charges 2/ (d)	Adjustments (e)	Ending Balance (f)
1	January-12	\$ (5,699,043) 1/	\$ -	\$ (15,292)	\$ (1,209,697)	\$ -	\$ (6,924,032)
2	February-12	(6,924,032)	-	(18,579)	(1,972,695)	-	(8,915,307)
3	March-12	(8,915,307)	-	(20,654)	(216,299)	-	(9,152,260)
4	April-12	(9,152,260)	-	(21,203)	(154,851)	-	(9,328,314)
5	May-12	(9,328,314)	-	(21,611)	(238,434)	-	(9,588,358)
6	June-12	(9,588,358)	-	(22,213)	(513,688)	-	(10,124,259)
7	July-12	(10,124,259)	-	(23,455)	(55,413)	-	(10,203,127)
8	August-12	(10,203,127)	-	(23,637)	(135,794)	-	(10,362,558)
9	September-12	(10,362,558)	-	(24,007)	(257,289)	-	(10,643,854)
10	October-12	(10,643,854)	-	(24,658)	(96,646)	-	(10,765,159)
11	November-12	(10,765,159)	-	(24,939)	(1,538,460)	-	(12,328,558)
12	December-12	<u>(12,328,558)</u>	<u>-</u>	<u>(28,561)</u>	<u>(474,039)</u>	<u>435,761 3/</u>	<u>(12,395,397)</u>
13	Year Ended 12/31/12	\$ (5,699,043)	\$ -	\$ (268,809)	\$ (6,863,306)	\$ 435,761	\$ (12,395,397)

1/ Updated to reflect adjusted beginning balance for final storm costs incurred through calendar year 2010 as filed in the Company's September 6, 2013 submission of its final costing related to 2010 and 2011 storm events

2/ See Attachment 3 (Represents preliminary costs updated to include November and December 2012)

3/ Represents 50% of 2012 attachment fee revenue in excess of \$850,000

The Narragansett Electric Company
d/b/a National Grid
Storm Fund Charges
For the Year Ended December 31, 2012

Line No.	Month	Mar-2010 Storm Event (a)	Aug-2011 Storm Event (b)	Oct-2011 Storm Event (c)	Jan-2012 Storm Event (d)	Jul-2012 Storm Event (e)	Oct-2012 Storm Event (f)	Nov-2012 Storm Event (g)	Total (h)
1	January-12	\$ (18,427)	\$ (1,168,539)	\$ (22,731)			\$ -	\$ -	\$ (1,209,697)
2	February-12		(1,540,395)	(127,649)	(304,651)				(1,972,695)
3	March-12	(2,819)	(98,243)	(1,765)	(113,472)				(216,299)
4	April-12		(56,423)		(98,428)				(154,851)
5	May-12		(238,270)		(164)				(238,434)
6	June-12		(513,688)						(513,688)
7	July-12		(38,151)	(17,262)					(55,413)
8	August-12					(135,794)			(135,794)
9	September-12					(257,289)			(257,289)
10	October-12					(96,646)			(96,646)
11	November-12						(1,297,084)	(241,376)	(1,538,460)
12	December-12						(422,075)	(51,964)	(474,039)
13	Year Ended 12/31/12	\$ (21,246)	\$ (3,653,709)	\$ (169,407)	\$ (516,715)	\$ (489,730)	\$ (1,719,159)	\$ (293,340)	\$ (6,863,306)

Column Notes:

- (a) Represents preliminary costs associated with the March 2010 flood updated for November and December 2012
- (b) Represents preliminary costs associated with Tropical Storm Irene updated for November and December 2012
- (c) Represents preliminary costs associated with the October 2011 snowstorm updated for November and December 2012
- (d) Represents preliminary costs associated with the January 2012 snowstorm updated for November and December 2012
- (e) Represents preliminary costs associated with the July 2012 lightning storm updated for November and December 2012
- (f) Represents preliminary costs associated with Hurricane Sandy updated for November and December 2012
- (g) Represents preliminary costs associated with the November 2012 snowstorm updated for November and December 2012