

March 31, 2011

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 Fund Report for 2010

Dear Ms. Massaro:

In accordance with Commission Order 15360 (August 1997) in Docket 2509, enclosed please find (10) ten copies of National Grid's¹ Storm Fund Report for calendar year 2010.

Thank you for your attention to this filing. Should you have any questions regarding this report, please feel free to contact me at (401) 784-7667.

Very truly yours,



Thomas R. Teehan

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.

The Narragansett Electric Company
d/b/a National Grid
Storm Fund Report for Calendar Year 2010

March 31, 2011

**The Narragansett Electric Company
d/b/a National Grid
Storm Fund Report - March 2011**

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 **\$759,000**, an increase of **1.25%** compared with the previous threshold of **\$750,000**. This increase reflects the percentage change in the Consumer Price Index for All Urban Consumers (CPI-U) for the month of December 2010 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, 2011 through February 28, 2012 is based upon the average of the monthly rates for the twelve-month period ended February 28, 2011 for 10-year constant maturity Treasury Bonds as reported by the Federal Reserve Board. As shown in Attachment 2, this average rate for the twelve-month period ended February 28, 2011 is **3.18%**.

Incremental Attachment Fee Revenue

Pursuant to the Distribution Rate Plan Second Amended Stipulation and Settlement approved in Docket No. 3617, 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 credited to the Company's Storm Fund. In December 2010, **\$391,708** was credited to the Storm Fund 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.

March 30, 2010 Storm

March 30, 2010 – Historic Flooding Recap– Rhode Island Area of New England South

Weather Impact

- Tuesday, March 30 - Heavy Rain exceeding 9 inches affected much of Rhode Island through Wednesday, March 31.
- Major river flooding occurred at the following locations:
 - Pawtuxet River in Cranston and Warwick: 11 feet above historic record
 - Pawcatuck River in Westerly: Tidal flooding – 4 feet above flood stage
 - Blackstone River in Woonsocket – Near record flood stage – least impacted
- Eight Substations were flooded and either locked out or switched offline. Water levels up to eight feet were recorded in the Westerly and Sockonosset Substations, with two to five feet of water in the other six substations.
- At peak, over 12,000 customers were affected. A total of 50,000 customers were impacted during the two-week period in Rhode Island due to issues stemming from the excess water.
- The majority of lost load was restored within hours, while a significant challenge remained on serving nearly 7,000 electrically islanded customers in Westerly.
- Rolling blackout were considered but not needed due to collaboration with Dispatch and Engineering.
- Schools, businesses and government were shut down, and two Rhode Island malls were forced to close for the first time in 40 years with over 3 feet of water recorded within their premises.
- Interstate Route 95 was totally impassable and closed due to flooding, creating significant logistics issues.
- Five underground cables faulted during the day, with a total of 13 faulted by the second week.
- Total estimated damage cost exceeded \$10M.

Actions Taken

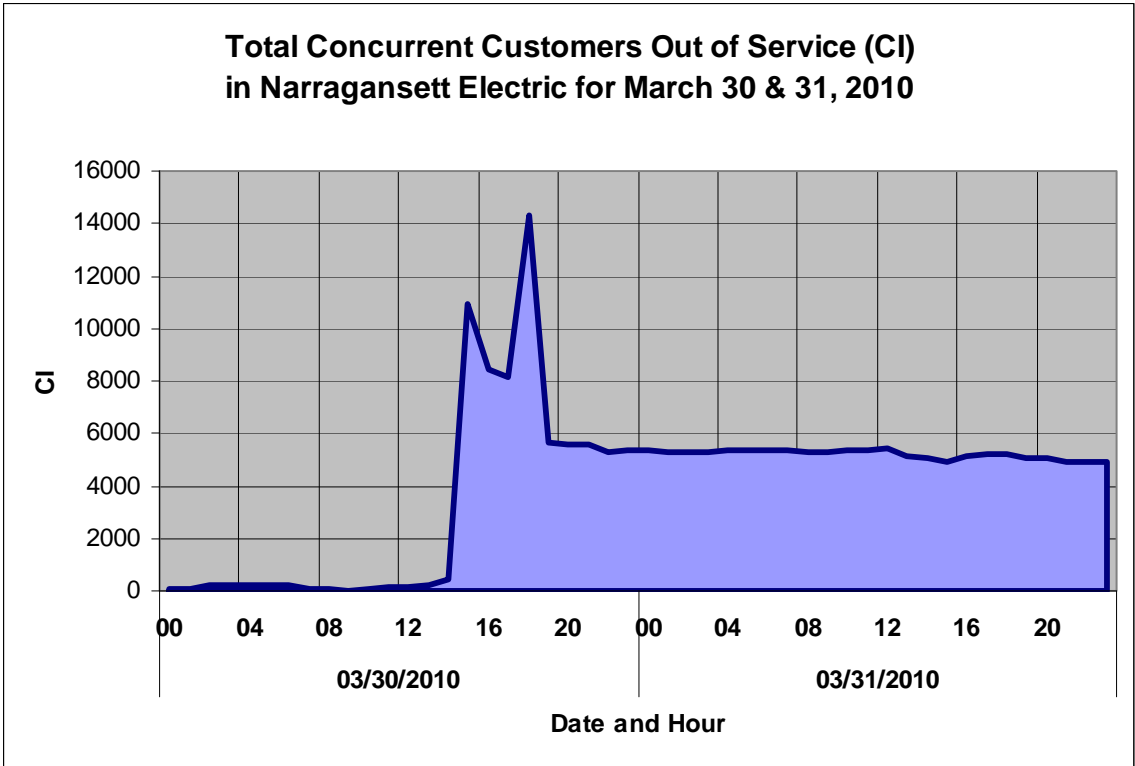
- Over 400 resources were mobilized through the Providence E-Room representing: Operations, Dispatch, Meter, O&M Services, ESS, Planning Engineering, Field Engineering, Fleet, IS, Stores, Central Logistics Support, Clerical, Safety, Construction Services, Transmission, Mutual Aid, Long Island Substation, Inspections Group and Laboratory Services.

- Mobile Substation and 5 MVA step-down transformer deployed and in service in less than 48 hours to pick up all Westerly Load that could be restored that was not condemned. Significant achievement with the assistance of planning engineering.
- New temporary Westerly Office area secured within 36 hours.
- Substation sanitization, drying and cleaning commenced, and within a week, six substations were nearly fully operational. Westerly and Sockonosset remained a complete rebuild.
- Significant underground replacement commenced on the Warwick Mall primary distribution system.
- Overhead, Underground and Substation departments worked 24 hours per day with 18-hour rotating shifts the first week, taking Easter Sunday off, and worked 12-hour shifts the second week. Work continued well into April prior to completion.
- At least 65,000 total man-hours were expended to date.

Work Done

- 13 cable faults requiring 24 sections of cable pulled including complex splicing
- Warwick Mall – 4 switchgear replaced, 4 padmounted transformers replaced, 2 manholes replaced, 26 sections of cable removed, 5 unit substations removed, 30 sections of cable to pull, one additional manhole to install, 3 switchgear to install and 6 padmount transformers to install.
- Nearly 900 house services were disconnected per order of fire inspectors, tedious reconnection process.
- Significant overhead switching in extremely adverse conditions and terrain.
- Removed 22 circuit breakers, installed 16 circuit breakers to date, replaced 6 regulators, 4 controls, 4 circuit switcher motor mechanism, tested 7 circuit breakers and 8 transformers, performed extensive ancillary equipment re-wiring.

In addition to over 400 internal resources, the damage resulting from the passage of this storm required assistance from external civil contractor resources totaling 3,341.5 total hours. The Company responded to a total of 40 interruptions that affected 27,465 customers for 27,503,924 customer minutes of interruption. On average, these interruptions resulted in 0.06 SAIFI, 57.45 minutes of SAIDI and 4,254 minutes of interruption per customer affected. As shown in the following chart, 14,341 customers were interrupted at peak, which occurred at 6:00 pm on March 30, 2010.



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

Line No.	Description	Amount (a)
1	2010 Annual Storm Fund Threshold	\$ 750,000
2	Times Change in Consumer Price Index	1.25%
3	Additional Storm Fund Threshold	<u>\$ 9,375</u>
4	Actual Annual Storm Threshold for 2011	<u>\$ 759,375</u>
5	Proposed Annual Storm Fund Threshold for 2011	<u><u>\$ 759,000</u></u>

1/ Annual Threshold based on the Distribution Rate Plan Second Amended Stipulation and Settlement dated October 15, 2004.

2/ Consumer Price Index:

	<u>Index</u>	<u>Percent Change</u>
All Urban Consumers - Base Period 1982-84=100 @ 12/01/09	217.5	
All Urban Consumers - Base Period 1982-84=100 @ 12/01/10	220.3	1.25%

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
Calculation of Average Annual Storm Fund Interest Rate
For the Year March 1, 2010 to February 28, 2011

<u>Line No.</u>	<u>Federal Reserve Board Statistical Release Date 1/</u>	<u>10 Year Constant Maturity Treasury Bonds Interest Rate (a)</u>
1	April 6, 2010	3.73%
2	May 4, 2010	3.85%
3	June 1, 2010	3.42%
4	July 6, 2010	3.20%
5	August 3, 2010	3.01%
6	September 7, 2010	2.70%
7	October 5, 2010	2.65%
8	November 2, 2010	2.54%
9	December 7, 2010	2.76%
10	January 4, 2011	3.29%
11	February 1, 2011	3.39%
12	March 1, 2011	<u>3.58%</u>
13	Average Annual Rate	<u><u>3.18%</u></u>

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

The Narragansett Electric Company
d/b/a National Grid
Annual Report of Storm Fund Activity
For the Year Ended December 31, 2010

Line No.	Month	Beginning Balance (a)	Monthly Contribution (b)	Monthly Interest (c)	Mar-2010 Charges (d)	Adjustments (g)	Ending Balance (h)
1	January-10	\$ 22,609,203	\$ -	\$ 65,629	\$ -	\$ -	\$ 22,674,832
2	February	22,674,832	-	65,946		-	22,740,778
3	March	22,740,778	-	64,922		-	22,805,700
4	April	22,805,700	-	65,107	(755,913)	-	22,114,894
5	May	22,114,894	-	63,135	(351,915)	-	21,826,114
6	June	21,826,114	-	62,311	(316,564)	-	21,571,860
7	July	21,571,860	-	61,585	(21,857)	-	21,611,588
8	August	21,611,588	-	61,698	(82,951)	-	21,590,335
9	September	21,590,335	-	61,637	(105,435)	-	21,546,537
10	October	21,546,537	-	61,512	(21,020)	-	21,587,029
11	November	21,587,029	-	61,628	(472)	-	21,648,186
12	December	21,648,186	-	61,803	(8,209)	391,708 1/	22,093,487
13	Year Ended 12/31/10	\$22,609,203	\$ -	\$756,912	(\$1,664,336)	\$391,708	\$22,093,487

1/ Represents 50% of 2010 attachment fee revenue in excess of \$850,000.

The Narragansett Electric Company
d/b/a National Grid
March 31, 2010 Storm Total O&M Restoration Costs
Summary of Normal and Incremental Costs

Line No.	Description	Total Restoration Costs (a)	Normal Costs (b)	Incremental Costs 1/ (c)
1	Payroll charges excluding payroll overheads for Narragansett employees	\$ 689,916	\$ 203,629	\$ 486,286
2	Charges for transportation on Narragansett vehicles	72,355	72,355	-
3	Charges from outside companies	1,488,844	-	1,488,844
4	Charges for materials and supplies 2/	81,598	24,123	57,475
5	Charges for employee expenses	<u>6,731</u>	<u>-</u>	<u>6,731</u>
6	Total	<u>\$ 2,339,444</u>	<u>\$ 300,107</u>	<u>\$ 2,039,336</u>

1/ Incremental costs are defined as the costs which Narragansett incurred as a direct result of the storm which were over and above Narragansett's normal cost of doing business.

2/ Materials and supplies were allocated between normal costs and incremental costs using the ratio of incremental payroll to total payroll.

The Narragansett Electric Company
d/b/a National Grid
Incremental Costs associated with Storm of March 31, 2010

Line No.	Outside Companies	Amount (a)	Apr-2010 (b)	May-2010 (c)	Jun-2010 (d)	Jul-2010 (e)	Aug-2010 (f)	Sep-2010 (g)	Oct-2010 (h)	Nov-2010 (i)	Dec-2010 (j)
1	Clean Harbors Environmental Services Inc.	\$ 62,796	\$ -	\$ 62,796	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	J H Lynch and Sons Inc.	128,333			128,333						
3	Mirra Company Inc.	10,881	10,881								
4	Moran Environmental Recovery LLC	142,733		142,733							
5	Perryville Properties LLC	60,600	20,200		10,100	10,100	10,100	10,100			
6	Rosciti Construction LLC	26,878			26,878						
7	Universal Construction Company	84,150			84,150						
8	Massachusetts Electric Co.	313,789	179,982				32,432	101,375			
9	Niagara Mohawk Power Corp.	12,290	12,290								
10	National Grid USA Service Co.	471,508	388,123	14,971	36,601		36,689	(11,565)			6,689
11	Transfer from/(to) Capital	64,631		64,631							
12	Items under \$10,000	110,256	15,139	34,037	22,954	10,565	3,576	2,502	19,964		1,520
13	Subtotal Outside Companies	\$ 1,488,844	\$ 626,615	\$ 319,168	\$ 309,015	\$ 20,665	\$ 82,796	\$ 102,412	\$ 19,964	\$ -	\$ 8,209
14	Incremental Company Payroll	486,286	478,344	4,756	39	866		1,225	1,056		
15	Incremental Materials & Supplies	57,475	22,180	27,492	7,506	127	148	(145)		166	
16	Incremental Employee Expenses	6,731	3,773	499	4	199	6	1,943		306	
17	Total Incremental Costs	\$ 2,039,336	\$ 1,130,913	\$ 351,915	\$ 316,564	\$ 21,857	\$ 82,951	\$ 105,435	\$ 21,020	\$ 472	\$ 8,209
18	Less Deductible	(375,000)	(375,000)								
19	Amount Charged to Storm Fund	\$ 1,664,336	\$ 755,913	\$ 351,915	\$ 316,564	\$ 21,857	\$ 82,951	\$ 105,435	\$ 21,020	\$ 472	\$ 8,209