

March 29, 2006

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 2005

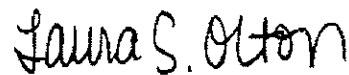
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PUBLIC UTILITIES COMMISSION

Dear Ms. Massaro:

In accordance with Commission Order 15360 (August 1997) in Docket 2509, enclosed please find (10) ten copies of The Narragansett Electric Company's d/b/a National Grid Storm Fund Report for calendar year 2005.

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,



Laura S. Olton

Enclosures

cc: Paul Roberti, Esq.
Steve Scialabba, RI Division
John Bell, RI Division

The Narragansett Electric Company d/b/a National Grid
Storm Fund Report for Calendar Year 2005

March 29, 2006

**The Narragansett Electric Company
Storm Fund Report - March 2006**

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 \$681,000, an increase of 3.40% compared with the previous threshold of \$659,000. This increase reflects the percentage change in the Consumer Price Index for All Urban Consumers (CPI-U) for the month of December 2005 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, 2006 through February 28, 2007 is based upon the average of the monthly rates for the twelve-month period ended February 28, 2006 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, 2006 is 4.34%.

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 2005, \$353,235 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. The Company did not charge any costs to the fund in 2005.

The Narragansett Electric Company
Annual Escalation of Storm Fund Threshold

1. 2005 Annual Storm Fund Threshold	\$659,000
2. Times Change in Consumer Price Index	3.40%
3. Additional Storm Fund Threshold	\$22,406
4. Actual Annual Storm Threshold for 2006	\$681,406
5. Proposed Annual Storm Fund Threshold for 2006	\$681,000

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</u> <u>Change</u>
All Urban Consumers - Base Period 1982-84=100 @ 12/01/04	191.2	
All Urban Consumers - Base Period 1982-84=100 @ 12/01/05	197.7	3.40%

3/ Line 1 times Line 2

4/ Line 1 plus Line 3

5/ Line 4 rounded to the nearest thousand

The Narragansett Electric Company
Calculation of Average Annual Storm Fund Interest Rate
For the Year March 1, 2005 to February 28, 2006

<u>Federal Reserve Board Statistical Release Date 1/</u>	<u>10 Year Constant Maturity Treasury Bonds Interest Rate</u>
April 5, 2005	4.50%
May 3, 2005	4.34%
June 7, 2005	4.14%
July 5, 2005	4.00%
August 2, 2005	4.18%
September 6, 2005	4.26%
October 4, 2005	4.20%
November 1, 2005	4.46%
December 6, 2005	4.54%
January 3, 2006	4.47%
February 7, 2006	4.42%
March 7, 2006	4.57%
Average Annual Rate	<u>4.34%</u>

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

The Narragansett Electric Company
 Annual Report of Storm Fund Activity
 For the Year Ended December 31, 2005

Month	Beginning Balance (a)	Monthly Contribution (b)	Monthly Interest (e)	Storm Charges (f)	Adjustments (g)	Ending Balance (j)
January-05	\$15,251,351	\$86,750	\$51,200.18	\$0	\$0	\$15,389,301
February	\$15,389,301	\$86,750	\$51,664.62	\$0	\$0	\$15,527,715
March	\$15,527,715	\$86,750	\$55,356.52	\$0	\$0	\$15,669,822
April	\$15,669,822	\$86,750	\$55,864.55	\$0	\$0	\$15,812,437
May	\$15,812,437	\$86,750	\$56,374.40	\$0	\$0	\$15,955,561
June	\$15,955,561	\$86,750	\$56,886.06	\$0	\$0	\$16,099,197
July	\$16,099,197	\$86,750	\$57,399.56	\$0	\$0	\$16,243,347
August	\$16,243,347	\$86,750	\$57,914.90	\$0	\$0	\$16,388,011
September	\$16,388,011	\$86,750	\$58,432.08	\$0	\$0	\$16,533,194
October	\$16,533,194	\$86,750	\$58,951.10	\$0	\$0	\$16,678,895
November	\$16,678,895	\$86,750	\$59,471.98	\$0	\$0	\$16,825,117
December	\$16,825,117	\$86,750	\$59,994.73	\$0	\$353,235 2/	\$17,325,096 1/
Year Ended 12/31	\$16,825,117	\$1,041,000	\$679,511	\$0	\$353,235	\$17,325,096

1/ The ending balance does not include the use of up to \$2,000,000 of the fund for undergrounding the E-183 transmission line as provided for in RIGL 42-98-1.1 upon the petition by the Attorney General. If the \$2,000,000 is taken into account, the year end balance would be \$15,325,096

2/ represents 50% of 2005 attachment fee revenue in excess of \$850,000