

April 1, 2013

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 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, I enclose ten (10) copies of National Grid’s¹ Storm Fund Report for calendar year (“CY”) 2012.

Please note that the Storm Fund Report for CY 2012 covers Storm Fund activity for the period of January 1, 2012 through October 31, 2012. Because the Company recently implemented a new Enterprise Resource Planning (ERP) system, certain financial information for the calendar months of November and December 2012, which would ordinarily be included in the annual Storm Fund Report, are not currently available in sufficient detail required for the Storm Fund Report for CY 2012. When this information becomes available, the Company will update the Storm Fund Report accordingly.

Thank you for your attention to this transmittal. If you have any questions, please 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”).

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

April 1, 2013

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

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 **\$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

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

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

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

Annual Report of Storm Fund Activity (continued)

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 2012 by individual storm event. Details of the costs related to these qualifying Storm Fund storm events are provided in Attachments 4 through 8, as listed below.

- Attachment 4: Storm Event – August 2011
- Attachment 5: Storm Event – October 2011
- Attachment 6: Storm Event – January 2012
- Attachment 7: Storm Event – July 2012
- Attachment 8: Storm Event – October 2012

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 Ten Months Ended October 31, 2012

Line No.	Month	Beginning Balance (a)	Monthly Contribution (b)	Monthly Interest (c)	Storm Charges 1/ (d)	Adjustments (e)	Ending Balance (f)
1	January-12	\$ (4,611,409)	\$ -	\$ (12,374)	\$ (1,180,171)	\$ -	\$ (5,803,954)
2	February-12	(5,803,954)	-	(15,574)	(1,856,609)	-	(7,676,138)
3	March-12	(7,676,138)	-	(17,783)	(1,240,628)	-	(8,934,549)
4	April-12	(8,934,549)	-	(20,698)	(155,570)	-	(9,110,818)
5	May-12	(9,110,818)	-	(21,107)	(238,432)	-	(9,370,356)
6	June-12	(9,370,356)	-	(21,708)	-	-	(9,392,064)
7	July-12	(9,392,064)	-	(21,758)	(55,413)	-	(9,469,235)
8	August-12	(9,469,235)	-	(21,937)	(142,237)	-	(9,633,410)
9	September-12	(9,633,410)	-	(22,317)	(257,289)	-	(9,913,017)
10	October-12	(9,913,017)	-	(22,965)	(96,919)	-	(10,032,901)
11	Ten Months Ended 10/31/12	\$ (4,611,409)	\$ -	\$ (198,222)	\$ (5,223,270)	\$ -	\$ (10,032,901)

1/ See Attachment 3 (Represents preliminary costs for the Ten Months Ended October 31, 2012)

The Narragansett Electric Company
d/b/a National Grid
Storm Fund Charges
For the Ten Months Ended October 31, 2012

Line No.	Month	Aug-2011 Storm Event (a)	Oct-2011 Storm Event (b)	Jan-2012 Storm Event (c)	Jul-2012 Storm Event (d)	Oct-2012 Storm Event (e)	Total (f)
1	January-12	\$ (1,151,036)	\$ (29,135)	\$ -	\$ -	\$ -	\$ (1,180,171)
2	February-12	(1,428,865)	(123,094)	(304,651)			(1,856,609)
3	March-12	(1,117,742)	(9,414)	(113,472)			(1,240,628)
4	April-12	(56,423)	(719)	(98,428)			(155,570)
5	May-12	(238,115)	(154)	(164)			(238,432)
6	June-12						-
7	July-12	(38,151)	(17,262)				(55,413)
8	August-12	(6,443)			(135,794)		(142,237)
9	September-12				(257,289)		(257,289)
10	October-12	(273)			(\$96,646)		(96,919)
11	Ten Months Ended 10/31/12	\$ (4,037,046)	\$ (179,778)	\$ (516,715)	\$ (489,730)	\$ -	\$ (5,223,270)

Column Notes:

- (a) Represents preliminary costs associated with Tropical Storm Irene
- (b) Represents preliminary costs associated with the October 2011 snow storm
- (c) Represents preliminary costs associated with the January 2012 snow storm
- (d) Represents preliminary costs associated with the July 2012 lightning storm
- (e) Represents preliminary costs associated with Hurricane Sandy

The Narragansett Electric Company
d/b/a National Grid
August 28, 2011 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	\$ 107,060	\$ (15,969)	\$ 123,029
2	Charges for transportation on Narragansett vehicles	23,322	23,322	-
3	Charges from outside companies	3,917,498	-	3,917,498
4	Charges for materials and supplies 2/	35,629	5,304	30,326
5	Charges for employee expenses	(44,469)	-	(44,469)
6	Charges for other	10,663	-	10,663
7	Total	<u>\$ 4,049,703</u>	<u>\$ 12,657</u>	\$ 4,037,046
8	Less Deductible			
9	Amount Charged to Storm Contingency Fund			<u>\$ 4,037,046</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 August 28, 2011

Line No.	Outside Companies	Jan-2012 (a)	Feb-2012 (b)	Mar-2012 (c)	Apr-2012 (d)	May-2012 (e)	Jul-2012 (f)	Aug-2012 (g)	Oct-2012 (h)	Amount (i)
1	Aggreko Inc	\$ -	\$ 15,994	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,994
2	Asplundh Tree Expert Co	28,271				13,877				42,148
3	Carolina Pole		26,127							26,127
4	Clough Harbour & Associates LLP	72,947								72,947
5	Comfort Inn Airport		38,132							38,132
6	Corporate Chefs Inc		63,165							63,165
7	D&D Power Inc			11,757						11,757
8	Dunkin' Donuts Center Providence						36,271			36,271
9	Emera Utility Services Inc		644,443	135,358						779,801
10	Grays Power Supply			13,033						13,033
11	Hsbc Corporate Card Services		22,633							22,633
12	I B Abel Inc			105,884						105,884
13	M J Electric LLC	840,307	457,458							1,297,765
14	MTV Solutions Inc			15,294						15,294
15	N G Gilbert Corporation			91,580						91,580
16	New Hampshire Electric Cooperative				56,423					56,423
17	O'Donnell Line & Electrical Ltd			80,784						80,784
18	Orlando Utilities Commission					223,834				223,834
19	Performance Consulting Group LLC			38,867						38,867
20	Pike Electric Inc			76,757						76,757
21	Premier Utility Services LLC	151,997								151,997
22	Pro Unlimited Inc		43,583							43,583
23	Saic Energy Environment	12,527								12,527
24	Securitas Security Systems Usa Inc	14,829								14,829
25	Sumter Utilities Inc			227,143						227,143
26	Thirau LLC		110,102							110,102
27	Twin River			200,279						200,279
28	Items under \$10,000	30,108	3,134	5,601		403	1,880	6,443	272.81	47,843
29	Subtotal Outside Companies	\$ 1,150,986	\$ 1,424,770	\$ 1,002,337	\$ 56,423	\$ 238,115	\$ 38,151	\$ 6,443	\$ 273	\$ 3,917,498
30	Incremental Company Payroll			123,029						123,029
31	Incremental Materials & Supplies		3,783	26,542						30,326
31	Incremental Employee Expenses	50		(44,519)						(44,469)
32	Other		311	10,352						10,663
33	Total Incremental Costs	\$ 1,151,036	\$ 1,428,865	\$ 1,117,742	\$ 56,423	\$ 238,115	\$ 38,151	\$ 6,443	\$ 273	\$ 4,037,046
34	Less Deductible									-
35	Amount Charged to Storm Contingency Fund	\$ 1,151,036	\$ 1,428,865	\$ 1,117,742	\$ 56,423	\$ 238,115	\$ 38,151	\$ 6,443	\$ 273	\$ 4,037,046

The Narragansett Electric Company
d/b/a National Grid
October 29, 2011 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	\$ 40,269	\$ 7,436	\$ 32,833
2	Charges for transportation on Narragansett vehicles	5,491	5,491	-
3	Charges from outside companies	119,614		119,614
4	Charges for materials and supplies 2/	37,829	4,633	33,196
5	Charges for employee expenses	(6,075)	-	(6,075)
6	Charges for other	<u>211</u>	<u>-</u>	<u>211</u>
7	Total	<u>\$ 197,338</u>	<u>\$ 17,560</u>	\$ 179,778
8	Less Deductible			<u>-</u>
9	Amount Charged to Storm Contingency Fund			<u>\$ 179,778</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 October 29, 2011

Line No.	Outside Companies	Jan-2012 (a)	Feb-2012 (b)	Mar-2012 (c)	Apr-2012 (d)	May-2012 (e)	Jul-2012 (f)	Amount (g)
1	HSBC Corporate Card Services	\$ -	72,001	\$ -	\$ -	\$ -	\$ -	72,001
2	Universal Construction Company						17,262	17,262
3	Items under \$10,000	<u>28,774</u>	<u>16,644</u>	<u>(15,941)</u>	<u>719</u>	<u>154</u>		<u>30,350</u>
4	Subtotal Outside Companies	\$ 28,774	\$ 88,646	\$ (15,941)	\$ 719	\$ 154	\$ 17,262	119,614
5	Incremental Company Payroll			32,833				32,833
6	Incremental Materials & Supplies		34,448	(1,253)				33,196
7	Incremental Employee Expenses	361		(6,436)				(6,075)
8	Incremental Other			211				211
9	Total Incremental Costs	\$ 29,135	\$ 123,094	\$ 9,414	\$ 719	\$ 154	\$ 17,262	\$ 179,778
10	Less Deductible							-
11	Amount Charged to Storm Contingency Fund	<u>\$ 29,135</u>	<u>\$ 123,094</u>	<u>\$ 9,414</u>	<u>\$ 719</u>	<u>\$ 154</u>	<u>\$ 17,262</u>	<u>\$ 179,778</u>

The Narragansett Electric Company
d/b/a National Grid
January 12, 2012 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	\$ 123,234	\$ 29,549	\$ 93,685
2	Charges for transportation on Narragansett vehicles	14,705	14,705	-
3	Charges from outside companies	797,901	-	797,901
4	Charges for materials and supplies 2/	109	26	83
5	Charges for employee expenses	<u>46</u>	<u>-</u>	<u>46</u>
6	Total	<u>\$ 935,995</u>	<u>\$ 44,280</u>	\$ 891,715
7	Less Deductible			<u>(375,000)</u>
8	Amount Charged to Storm Contingency Fund			<u>\$ 516,715</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 January 12, 2012

Line No.	Outside Companies	Jan-2012 (a)	Feb-2012 (b)	Mar-2012 (c)	Apr-2012 (d)	May-2012 (e)	Amount (f)
1	Alliance Power Group LLC	\$ -	\$ 38,453	\$ -	\$ -	\$ -	\$ 38,453
2	BBC Electrical Services LLC		311,702	28,876			340,578
3	Grattan Line Construction Corporation		20,035				20,035
4	Harlan Electric Company		29,352				29,352
5	Hawkeye Electric LLC				70,245		70,245
6	HSBC Corporate Card Services				13,178		13,178
7	M J Electric LLC		26,632				26,632
8	McDonough Electric Const Corp		22,311				22,311
9	Northeast Power Line Construction Corp		23,279				23,279
10	O'Donnell Line Construction Company Inc			18,069			18,069
11	Providence Marriott Downtown	16,348					16,348
12	The Davey Tree Expert Company		21,091				21,091
13	Thirau LLC			65,929	15,006		80,934
14	National Grid USA Service Co.	15,540	13,301		0		28,841
15	Items under \$10,000	765	47,486	143	0	164	48,557
16	Subtotal Outside Companies	\$ 32,653	\$ 553,641	\$ 113,016	\$ 98,428	\$ 164	\$ 797,901
17	Incremental Company Payroll	87,943	5,285	457			93,685
18	Incremental Materials & Supplies		83				82.83
19	Incremental Employee Expenses	22	24				46
20	Total Incremental Costs	\$ 120,618	\$ 559,033	\$ 113,472	\$ 98,428	\$ 164	\$ 891,715
21	Less Deductible	(120,618)	(254,382)				(375,000)
22	Amount Charged to Storm Contingency Fund	\$ -	\$ 304,651	\$ 113,472	\$ 98,428	\$ 164	\$ 516,715

The Narragansett Electric Company
d/b/a National Grid
July 18, 2012 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	\$ 209,233	\$ 57,627	\$ 151,607
2	Charges for transportation on Narragansett vehicles	40,783	40,783	-
3	Charges from outside companies	712,164	-	712,164
4	Charges for materials and supplies 2/	39	11	28
5	Charges for employee expenses	<u>932</u>	<u>-</u>	<u>932</u>
6	Total	<u>\$ 963,150</u>	<u>\$ 98,420</u>	\$ 864,730
7	Less Deductible			<u>(375,000)</u>
8	Amount Charged to Storm Contingency Fund			<u>\$ 489,730</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 July 18, 2012

Line No.	Outside Companies	Jul-2012 (a)	Aug-2012 (b)	Sep-2012 (c)	Oct-2012 (d)	Amount (e)
1	ABC Professional Tree Service Inc	\$ -	\$ 11,835			\$ 11,835
2	D&D Power Inc		47,651			47,651
3	EJ Electric Installation Co			62,878		62,878
4	Hawkeye Electric LLC				43,527	43,527
5	McDonough Electric Const Corp		73,314			73,314
6	Michels Corporation			90,244		90,244
7	Northline Utilities LLC				45,808	45,808
8	Stanley Tree Service Inc		15,398			15,398
9	The Davey Tree Expert Company		25,267			25,267
10	Thirau LLC			96,655		96,655
11	Massachusetts Electric Company	19,105				19,105
12	Niagara Mohawk Power Corp	87,058				87,058
13	National Grid USA Service Co.	20,084	38,203			58,286
14	Items under \$10,000	635	20,668	6,867	6,966	35,136
15	Subtotal Outside Companies	\$ 126,882	\$ 232,336	\$ 256,644	\$ 96,302	\$ 712,164
16	Incremental Company Payroll	133,215	17,949	193	251	151,607
17	Incremental Materials & Supplies		28			27.99
18	Incremental Employee Expenses	364	20	453	94	932
19	Total Incremental Costs	\$ 260,462	\$ 250,333	\$ 257,289	\$ 96,646	\$ 864,730
20	Less Deductible	(260,462)	(114,539)			(375,000)
21	Amount Charged to Storm Contingency Fund	\$ -	\$ 135,794	\$ 257,289	\$ 96,646	\$ 489,730

The Narragansett Electric Company
d/b/a National Grid
October 28, 2012 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	\$ 5,510	\$ 3,085	\$ 2,425
2	Charges for transportation on Narragansett vehicles	-	-	-
3	Charges from outside companies	262,341	-	262,341
4	Charges for materials and supplies 2/	41,896	23,455	18,441
5	Charges for employee expenses	<u>77</u>	<u>-</u>	<u>77</u>
6	Total	<u>\$ 309,824</u>	<u>\$ 26,540</u>	283,284
7	Less Deductible			<u>(283,284)</u>
8	Amount Charged to Storm Contingency Fund			<u>\$ -</u>

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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 October 28, 2012

Line No.	Outside Companies	Oct-2012 (a)	Amount (b)
1	National Grid USA Service Co.	\$ 261,850	\$ 261,850
2	Items under \$10,000	491	491
3	Subtotal Outside Companies	\$ 262,341	\$ 262,341
4	Incremental Company Payroll	2,425	2,425
5	Incremental Materials & Supplies	18,441	18,441
6	Incremental Employee Expenses	77	77
7	Total Incremental Costs	\$ 283,284	\$ 283,284
8	Less Deductible	(283,284)	(283,284)
9	Amount Charged to Storm Contingency Fund	\$ -	\$ -