

June 1, 2015

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 2014**

Dear Ms. Massaro:

In accordance with Rhode Island Public Utilities Commission (PUC) 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 PUC in Docket 2509, enclosed are ten (10) copies of National Grid's¹ Storm Fund Report for calendar year 2014.

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 contact me at (781) 907-2153.

Very truly yours,



Celia B. O'Brien

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.

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.

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

>i bY1, 2015

Date

**Docket No. 2509 – National Grid – Storm Fund
Service List as of 5/15/15**

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The Narragansett Electric Company
d/b/a National Grid
Storm Fund Report for Calendar Year 2014

June 1, 2015

**The Narragansett Electric Company
d/b/a National Grid
Storm Fund Report - Calendar Year 2014**

In compliance with the Rhode Island Public Utilities Commission (PUC) order in Docket No. 2509 regarding Storm Funds, The Narragansett Electric Company (the 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 **\$813,000**, an increase of **0.67%** compared with the previous threshold of **\$808,000**. This increase reflects the percentage change in the Seasonally Adjusted Consumer Price Index for All Urban Consumers (CPI-U) for the month of December 2014 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, 2014 through February 28, 2015 is based upon the average of the monthly rates for the twelve-month period ended December 31, 2013 for 10-year Constant Maturity Treasury Bonds as reported by the Federal Reserve Board. As filed with the PUC on January 9, 2014, this average rate for the twelve-month period ended December 31, 2013 is **2.35%**.

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 2014, **\$338,335** 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 2014, 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 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 2014 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	2014 Annual Storm Fund Threshold	\$ 808,000
2	Times Change in Consumer Price Index	0.67%
3	Additional Storm Fund Threshold	<u>\$ 5,414</u>
4	Actual Annual Storm Threshold for 2015	<u>\$ 813,414</u>
5	Proposed Annual Storm Fund Threshold for 2015	<u><u>\$ 813,000</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 @ 12/01/13	234.6	
All Urban Consumers - Base Period 1982-84=100 @ 12/01/14	236.1	0.67%

- 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, 2014

Line No.	Month	Monthly Contributions					Monthly Interest (f)	Storm Charges (g)	Adjustments (h)	Ending Balance (i)
		Beginning Balance (a)	Monthly Contribution (b)	Monthly Contribution (c)	Monthly Contribution (d)	Total Monthly Contributions (e)				
1	January-14	\$ (76,219,391)	\$ 150,000	\$ 250,000	\$ 209,261	\$ 609,261	\$ (114,629)	\$ (458,791)	-	\$ (76,183,551)
2	February-14	(76,183,551)	150,000	250,000	209,261	609,261	(114,732)	(152,989)	-	(75,842,011)
3	March-14	(75,842,011)	150,000	250,000	209,261	609,261	(149,121)	(57,623)	-	(75,439,493)
4	April-14	(75,439,493)	150,000	250,000	209,261	609,261	(148,332)	(89)	-	(74,978,653)
5	May-14	(74,978,653)	150,000	250,000	209,261	609,261	(147,430)	31,409	-	(74,485,413)
6	June-14	(74,485,413)	150,000	250,000	209,261	609,261	(146,464)	-	-	(74,022,616)
7	July-14	(74,022,616)	150,000	250,000	209,261	609,261	(145,558)	-	-	(73,558,912)
8	August-14	(73,558,912)	150,000	250,000	209,261	609,261	(144,649)	-	-	(73,094,301)
9	September-14	(73,094,301)	150,000	250,000	209,261	609,261	(143,740)	-	-	(72,628,779)
10	October-14	(72,628,779)	150,000	250,000	209,261	609,261	(142,828)	-	-	(72,162,346)
11	November-14	(72,162,346)	150,000	250,000	209,261	609,261	(141,914)	-	-	(71,695,000)
12	December-14	(71,695,000)	150,000	250,000	209,261	609,261	(140,999)	1,037,730	-	(70,189,008)
13	Year Ended 12/31/14	\$ (76,219,391)	\$ 1,800,000	\$ 3,000,000	\$ 2,511,132	\$ 7,311,132	\$ (1,680,396)	\$ (638,083)	\$ 1,037,730	\$ (70,189,008)

Column Notes:

- (b) Per RIPUC Docket No 4323, the base-rate revenue requirement includes \$1,800,000 annually as a contribution to the Storm Fund.
- (c) Per RIPUC 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 PUC review.
- (d) Per RIPUC Docket No. 4323, the 10-year amortization of \$25 million related to a 2003 VERO as approved in Docket No. 3617, concludes December 31, 2013 (annual amortization of \$2.5 million). Upon its conclusion, the \$2.5 million will be credited to the Storm Fund.
- (e) See Attachment 3 (Represents preliminary costs for the Year Ended December 31, 2014).
- (f) Represents 50% of 2014 attachment fee revenue in excess of \$850,000, in the amount of \$338,335, as well as insurance proceeds related to the March 2010 flood, in the amount of \$699,395. For Calendar Year 2014, costs related to the amount of non-deferrable storm expense of \$3,041,033 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.
- (g) Ending balance does not reflect charge associated with the true up of storm-related capital costs to the actual installed units.

The Narragansett Electric Company
d/b/a National Grid
Storm Fund Charges
For the Year Ended December 31, 2014

Line No.	Month	Oct-2012 Storm Event (a)	Nov-2012 Storm Event (b)	Feb-2013 Nemo Storm Event (c)	Feb-2013 Storm Event (d)	Mar-2013 Storm Event (e)	Nov-2013 Storm Event (f)	Total (g)
1	January-14	\$ (43,808)	\$ (107)	\$ (406,802)	\$ -	\$ 53,456	\$ (61,531)	\$ (458,791)
2	February-14	(11,195)	(1,895)	(86,348)	(520)	(4,486)	(48,545)	(152,989)
3	March-14			(37,277)		(14,044)	(6,302)	(57,623)
4	April-14			(72)			(17)	(89)
5	May-14			32,675			(1,266)	31,409
6	June-14							-
7	July-14							-
8	August-14							-
9	September-14							-
10	October-14							-
11	November-14							-
12	December-14							-
13	Year Ended 12/31/14	\$ (55,003)	\$ (2,001)	\$ (497,824)	\$ (520)	\$ 34,927	\$ (117,661)	\$ (638,083)

Column Notes:

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