

Narragansett Electric

A National Grid Company



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PUBLIC UTILITIES COMMISSION

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April 2, 2001

Luly E. Massaro  
Commission Clerk  
Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, RI 02888

Re: Storm Fund – Docket 2509

Dear Ms. Massaro:

Enclosed please find Narragansett Electric's Storm Fund Report showing the balance of the Storm Fund to date.

Sincerely,

A handwritten signature in black ink, appearing to read "Ronald T. Gerwatowski".

Ronald T. Gerwatowski  
General Counsel

c. Paul Roberti  
Steve Scialabba  
J. Bell

**THE NARRAGANSETT ELECTRIC COMPANY**

**STORM FUND REPORT**

**APRIL 2001**

**March 30, 2001**

**NARRAGANSETT ELECTRIC**  
**STORM FUND REPORT**  
**APRIL 2001**

**SUMMARY**

**The Narragansett Electric Company**  
**Storm Fund Report - April 2001**

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

As stated in the Storm Fund Report submitted to the Commission on April 1, 2000, the Storm Fund Threshold increased to \$580,000 upon closing of the merger of Blackstone Valley Electric and Newport Electric with and into Narragansett Electric. The new Storm Fund Threshold, calculated on Attachment 1 of this report, is \$600,000, an increase of 3.39% compared with the previous threshold of \$580,000. This increase reflects the percentage change in the Consumer Price Index for All Urban Consumers (CPI-U) for the year ended December 31, 2000 as compared to the preceding year.

Annual Change in the Storm Fund Interest Rate

The interest rate on the Storm Fund for the period March 1, 2001 through February 28, 2002 is based upon the average rate over the calendar period ended March 1 for 10-year constant maturity Treasury Bonds as reported by the Federal Reserve Board. As shown in Attachment 2, this rate for the year ended March 1, 2001 was 5.79%.

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. During the year 2000 there were no storms for which Narragansett's storm fund account was used. There was, however, a net charge of \$10,981 to the storm fund during the year. In January the storm fund was credited by \$4,178, the result of a decision by the RIPUC regarding certain Hurricane Floyd charges. In March 2000, a reconciliation of Hurricane Floyd costs resulted in an additional charge of \$15,159 to the storm fund. To summarize all Hurricane Floyd charges, the Company charged \$361,661 to the fund during 1999, and an additional \$10,981 during 2000, for a total of \$372,642, for storm restoration costs related to Hurricane Floyd. A summary of the Incremental Costs relating to Hurricane Floyd was presented as Attachment 4 of the Storm Fund Report submitted on April 1, 2000.

**NARRAGANSETT ELECTRIC**  
**STORM FUND REPORT**  
**APRIL 2001**

**ATTACHMENT 1**

## The Narragansett Electric Company

### Annual Escalation of Storm Fund Threshold For the Year Ended December 31, 2000

1. Annual Storm Fund Threshold	\$580,000
2. Times Change in Consumer Price Index	3.39%
3. Additional Storm Fund Threshold	\$19,662
4. Actual Annual Storm Threshold for 2001	\$599,662
5. Proposed Annual Storm Fund Threshold for 2001	\$600,000

1/ Annual Threshold effective May 1, 2000 per Merger Settlement in RIPUC Docket No. 2930 dated March 14, 2000.

2/ Consumer Price Index:

	<u>Index</u>	<u>Percent Change</u>
All Urban Consumers - Base Period 1982-84=100 @ 12/31/00	174.0	
All Urban Consumers - Base Period 1982-84=100 @ 12/31/99	168.3	3.39%

3/ Line 1 times Line 2

4/ Line 1 plus Line 3

5/ Line 4 rounded to the nearest thousand

**NARRAGANSETT ELECTRIC**  
**STORM FUND REPORT**  
**APRIL 2001**

**ATTACHMENT 2**

**The Narragansett Electric Company**  
**Calculation of Average Annual Storm Fund Interest Rate**  
**For the Year March 1, 2000 to February 28, 2001**

<u>Federal Reserve Board Statistical Release Date 1/</u>	<u>10 Year Constant Maturity Treasury Bonds Interest Rate</u>
April 4, 2000	6.26%
May 2, 2000	5.99%
June 6, 2000	6.44%
July 5, 2000	6.10%
August 8, 2000	6.05%
September 5, 2000	5.83%
October 3, 2000	5.80%
November 7, 2000	5.74%
December 5, 2000	5.72%
January 2, 2001	5.24%
February 6, 2001	5.16%
March 6, 2001	<u>5.10%</u>
 Average Annual Rate	 <u><u>5.79%</u></u>

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

**NARRAGANSETT ELECTRIC**  
**STORM FUND REPORT**  
**APRIL 2001**

**ATTACHMENT 3**

## The Narragansett Electric Company

### Annual Report of Storm Fund Activity

For the Year Ended December 31, 2000

Month	Beginning Balance (a)	Monthly Contribution (b)	Monthly Interest (c)	Storm Charges (f)	Adjustments (g)	Ending Balance (j)
January 2000	\$5,015,935	\$53,400	\$21,620	\$4,178 a	\$0	\$5,095,132
February	\$5,095,132	\$53,400	\$21,945	\$0	\$0	\$5,170,478
March	\$5,170,478	\$53,400	\$24,873	(\$15,159) b	\$0	\$5,233,592
April	\$5,233,592	\$53,400	\$25,731	\$0	\$0	\$5,312,723
May	\$5,312,723	\$86,750	\$34,817	\$0	\$1,759,533 c	\$7,193,822
June	\$7,193,822	\$86,750	\$35,335	\$0	\$0	\$7,315,908
July	\$7,315,908	\$86,750	\$35,938	\$0	\$0	\$7,438,596
August	\$7,438,596	\$86,750	\$36,545	\$0	\$0	\$7,561,891
September	\$7,561,891	\$86,750	\$37,154	\$0	\$0	\$7,685,795
October	\$7,685,795	\$86,750	\$37,766	\$0	\$0	\$7,810,311
November	\$7,810,311	\$86,750	\$38,382	\$0	\$0	\$7,935,443
December	\$7,935,443	\$86,750	\$39,000	\$0	\$0	\$8,061,193
Year Ended 12/31/00	\$5,015,935	\$907,600	\$389,106	(\$10,981)	\$1,759,533	\$8,061,193

Notes:

a. Credit to reverse certain Hurricane Floyd-related charges, in accordance with a decision by the RIPUC.

b. Final reconciliation of Hurricane Floyd (September 1999) costs - Summary of costs was submitted to RIPUC in April 2000.

c. Represents transfer of storm funds for Blackstone Valley Electric Company and Newport Electric Corporation in connection with the merger of the companies effective May 1, 2000.