

April 3, 2017

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 2016**

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 2016.

Consistent with recent annual Storm Fund Report filings, the Company has omitted the detailed costs of each of the individual qualifying storm events since the costs are preliminary. 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

During the preparation of this report, the Company noted that it had inadvertently omitted \$648,558 in costs pertaining to Tropical Storm Irene that were invoiced to the Company in August 2013. These costs were included in the Company's September 6, 2013 submission to the PUC of its final accounting related to storm events that occurred in 2010 and 2011. However, these costs were not included in the Company's revised annual Storm Fund Reports for calendar years 2013, 2014, and 2015 that were filed with the Company's June 30, 2016 submission to the PUC of the Company's final accounting related to storm events that occurred in 2012 through March 2013. Consequently, the Company has revised Attachments 2 and 3 of its annual Storm Fund Report for calendar year 2013 to reflect the \$648,558 as a charge to the Storm Fund in calendar year 2013. The Company has also revised Attachment 2 of its annual Storm Fund Reports for calendar years 2014 and 2015 to reflect the resulting adjustment to the beginning Storm Fund balances for calendar years 2014 and 2015. The revised Storm Fund Reports for calendar years 2013, 2014, and 2015 are included with this filing as Appendix 1.

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.

Luly E. Massaro, Commission Clerk
Docket 2509 – Storm Fund Report 2016
April 3, 2017
Page 2 of 2

The Company apologizes to the PUC for any inconvenience that may have been caused as a result of the error in the previously filed attachments to the annual Storm Fund Reports for calendar years 2013, 2014, and 2015.

Thank you for your attention to this transmittal. If you have any questions, please contact me at (781) 907-2153.

Very truly yours,

A handwritten signature in blue ink that reads "Celia B. O'Brien". The signature is written in a cursive style.

Celia B. O'Brien

Enclosures

cc: Docket 2509 & D-11-94 Service List
Leo Wold, Esq.
Steve Scialabba, RI Division
John Bell, RI Division

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.

The 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

5df] 3, 2017

Date

**Docket No. 2509 – National Grid – Storm Fund
Service List as of 12/21/16**

Name/Address	E-mail	Phone
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Docket D-11-94 Review of National Grid's Storm Reports

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The Narragansett Electric Company
d/b/a National Grid
Storm Fund Report for Calendar Year 2016

March 31, 2017

**The Narragansett Electric Company
d/b/a National Grid
Storm Fund Report - Calendar Year 2016**

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 **\$837,000**, an increase of **2.18%** compared with the previous threshold of **\$819,000**. This increase reflects the percentage change in the Seasonally Adjusted Consumer Price Index for All Urban Consumers (CPI-U) for the month of December 2016 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, 2016 through February 28, 2017 is based upon the average of the monthly rates for the twelve-month period ended December 31, 2015 for 10-year Constant Maturity Treasury Bonds as reported by the Federal Reserve Board. As filed with the PUC on January 6, 2016, this average rate for the twelve-month period ended December 31, 2015 is **2.14%**.

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 2016, **\$255,200** 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 2016, 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 2016 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	2016 Annual Storm Fund Threshold	\$819,000
2	Times Change in Consumer Price Index	2.18%
3	Additional Storm Fund Threshold	<u>\$17,854</u>
4	Actual Annual Storm Threshold for 2017	<u>\$836,854</u>
5	Proposed Annual Storm Fund Threshold for 2017	<u><u>\$837,000</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 @ 12/01/15	237.8	
All Urban Consumers - Base Period 1982-84=100 @ 12/01/16	243.0	2.18%

- 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
2016 Storm Fund Report
2016 Storm Fund Activity
RIPUC Docket No. 2509
Attachment 2
Estimated

The Narragansett Electric Company
d/b/a National Grid
Annual Report of Storm Fund Activity
For the Year Ended December 31, 2016

Line No.	Month	Beginning Balance (a)	Monthly Contributions				Total Monthly Contributions (e)	Monthly Interest (f)	Storm Charges (g)	Adjustments (h)	Ending Balance (i)
			Monthly Contribution (b)	Monthly Contribution (c)	Monthly Contribution (d)	Monthly Contribution (e)					
1	January-16	(\$90,554,900)	\$150,000	\$250,000	\$209,261	\$609,261	(\$192,319)	(\$291,770)	\$0	(\$90,429,729)	
2	February-16	(90,429,729)	150,000	250,000	209,261	609,261	(192,054)	(3,570,682)	0	(93,583,205)	
3	March-16	(93,583,205)	150,000	250,000	209,261	609,261	(167,433)	(2,997,501)	0	(96,138,878)	
4	April-16	(96,138,878)	150,000	250,000	209,261	609,261	(171,991)	(1,318,677)	0	(97,020,285)	
5	May-16	(97,020,285)	150,000	250,000	209,261	609,261	(173,563)	(97,843)	0	(96,682,430)	
6	June-16	(96,682,430)	150,000	250,000	209,261	609,261	(172,960)	(425,038)	0	(96,671,167)	
7	July-16	(96,671,167)	150,000	250,000	209,261	609,261	(172,940)	(169,113)	0	(96,403,960)	
8	August-16	(96,403,960)	150,000	250,000	209,261	609,261	(172,464)	(27,496)	0	(95,994,658)	
9	September-16	(95,994,658)	150,000	250,000	209,261	609,261	(171,734)	(176,189)	0	(95,733,319)	
10	October-16	(95,733,319)	150,000	250,000	209,261	609,261	(171,268)	(17,846)	0	(95,313,172)	
11	November-16	(95,313,172)	150,000	250,000	209,261	609,261	(170,518)	0	0	(94,874,429)	
12	December-16	(94,874,429)	150,000	250,000	209,261	609,261	(169,736)	0	255,200	(94,179,704)	
13	Year Ended 12/31/16	(\$90,554,900)	\$1,800,000	\$3,000,000	\$2,511,132	\$7,311,132	(\$2,098,981)	(\$9,092,155)	\$255,200	(\$94,179,704)	

Column Notes:

- (a) Beginning balance adjusted to reflect the inclusion of Tropical Storm Irene costs invoiced to the Company in August 2013 as filed in the Company's September 2013 submission of its final accounting related to storm events occurring in 2010 and 2011.
- (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, concluded December 31, 2013 (annual amortization of \$2.5 million). Upon its conclusion, the \$2.5 million is credited to the Storm Fund.
- (g) See 2016 Storm Fund Report - Attachment 3
- (h) Represents 50% of 2016 attachment fee revenue in excess of \$850,000. For Calendar Year 2016, costs related to the amount of non-deferrable storm expense of \$5,597,267 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.
- (i) Ending balance does not reflect true up of storm-related capital costs to actual installed units for storm events experienced after March 2013.

The Narragansett Electric Company
d/b/a National Grid
2016 Storm Fund Report
2016 Storm Fund Charges
RIPUC Docket No. 2509
Attachment 3
Estimated

The Narragansett Electric Company
d/b/a National Grid
Storm Fund Charges
For the Year Ended December 31, 2016

Line No.	Month	Jan-2015 Blizzard Storm Event (a)	Aug-2015 Storm Event (b)	Feb-5-2016 Storm Event (c)	Feb-8-2016 Storm Event (d)	Apr-2016 Storm Event (e)	Total (f)
1	January-16	(\$28,319)	(\$263,451)	\$0	\$0	\$0	(\$291,770)
2	February-16	(5,736)	(103,061)	(2,821,892)	(639,993)	0	(3,570,682)
3	March-16	(190)	(48,027)	(2,260,044)	(689,240)	0	(2,997,501)
4	April-16	0	(37,223)	(746,856)	(398,684)	(135,914)	(1,318,677)
5	May-16	0	(39,030)	(22,401)	(33,560)	(2,852)	(97,843)
6	June-16	(91,261)	(18,518)	(78,396)	0	(236,862)	(425,038)
7	July-16	(58,603)	(19,573)	0	0	(90,937)	(169,113)
8	August-16	0	(27,496)	0	0	0	(27,496)
9	September-16	0	(44,694)	0	(131,495)	0	(176,189)
10	October-16	0	(17,846)	0	0	0	(17,846)
11	November-16	0	0	0	0	0	0
12	December-16	0	0	0	0	0	0
13	Year Ended 12/31/16	(\$184,109)	(\$618,919)	(\$5,929,590)	(\$1,892,972)	(\$466,565)	(\$9,092,155)

Column Notes:

- (a) Represents preliminary costs associated with the January 2015 blizzard
- (b) Represents preliminary costs associated with the August 2015 thunderstorms
- (c) Represents preliminary costs associated with the February 5, 2016 storm event
- (d) Represents preliminary costs associated with the February 8, 2016 storm event
- (e) Represents preliminary costs associated with the April 2016 storm event
- (f) Column (a) + (b) + (c) + (d) + (e)

The Narragansett Electric Company

d/b/a National Grid

Appendix 1

Revised Storm Fund Reports for Calendar Years 2013 - 2015

The Narragansett Electric Company
d/b/a National Grid
Storm Fund Report for Calendar Year 2013
Revised

March 31, 2017

**The Narragansett Electric Company
d/b/a National Grid
Storm Fund Report - Calendar Year 2013**

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 **\$808,000**, an increase of **1.56%** compared with the previous threshold of **\$796,000**. This increase reflects the percentage change in the Seasonally Adjusted Consumer Price Index for All Urban Consumers (CPI-U) for the month of December 2013 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, 2013 through February 28, 2014 is based upon the average of the monthly rates for the twelve-month period ended December 31, 2012 for 10-year Constant Maturity Treasury Bonds as reported by the Federal Reserve Board. As filed with the Commission on January 9, 2013, this average rate for the twelve-month period ended December 31, 2012 is **1.80%**.

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 2013, **\$728,695** 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 2013, preliminary 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 Fund¹.

Annual Report of Storm Fund Activity

Attachment 2 reflects a preliminary report of the annual Storm Fund activity, pending final accounting of all storm costs incurred during the calendar year period. This report shows the opening balance of the Storm Fund, monthly contributions, monthly interest applied, final/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 storm-related charges applied to the Storm Fund during calendar year 2013 by individual storm event. The charges reflect the final accounting for all the qualifying storm events, as filed in the Company's June 30, 2016 Final Storm Cost Accounting for 2012 through March 2013 Storm Events, with the exception of the November 2013 storm event. Details of the costs related to this qualifying Storm Fund storm event will be provided following final accounting.

¹ Because rates under Docket No. 4323 became effective on February 1, 2013, the Company compared non-deferrable storm expense for February 2013 – December 2013, in the amount of \$4,166,212, to 11/12 of the resulting base rate allowance +/- the collar, or upper and lower limits of \$5,245,167 and \$1,578,500, respectively.

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

Line No.	Description	Amount (a)
1	2013 Annual Storm Fund Threshold	\$ 796,000
2	Times Change in Consumer Price Index	1.56%
3	Additional Storm Fund Threshold	<u>\$ 12,418</u>
4	Actual Annual Storm Threshold for 2014	<u>\$ 808,418</u>
5	Proposed Annual Storm Fund Threshold for 2014	<u><u>\$ 808,000</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 @ 12/01/12	231.0	
All Urban Consumers - Base Period 1982-84=100 @ 12/01/13	234.6	1.56%

- 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
2013 Storm Fund Report - Revised
2013 Storm Fund Activity
RIPUC Docket No. 2509
Attachment 2 - Revised

The Narragansett Electric Company
d/b/a National Grid
Revised Annual Report of Storm Fund Activity
For the Year Ended December 31, 2013

Line No.	Month	Monthly Contributions					Monthly Interest (e)	Storm Charges (f)	Adjustments (g)	Ending Balance (h)
		Beginning Balance (a)	Monthly Contribution (b)	Monthly Contribution (c)	Total Monthly Contributions (d)	Monthly Interest (e)				
1	January-13	(\$16,136,467)	\$0	\$0	\$0	(\$37,383)	(\$1,544,979)	\$0	(\$17,718,828)	
2	February-13	(17,718,828)	150,000	250,000	400,000	(41,049)	(10,643,776)	-	(28,003,653)	
3	March-13	(28,003,653)	150,000	250,000	400,000	(42,305)	(12,851,373)	-	(40,497,331)	
4	April-13	(40,497,331)	150,000	250,000	400,000	(61,046)	(11,556,004)	-	(51,714,381)	
5	May-13	(51,714,381)	150,000	250,000	400,000	(77,872)	(13,802,072)	-	(65,194,324)	
6	June-13	(65,194,324)	150,000	250,000	400,000	(98,091)	(10,499,338)	-	(75,391,753)	
7	July-13	(75,391,753)	150,000	250,000	400,000	(113,388)	(2,939,016)	-	(78,044,157)	
8	August-13	(78,044,157)	150,000	250,000	400,000	(117,366)	(2,325,369)	-	(80,086,892)	
9	September-13	(80,086,892)	150,000	250,000	400,000	(120,430)	(2,403,901)	-	(82,211,224)	
10	October-13	(82,211,224)	150,000	250,000	400,000	(123,617)	(2,775,647)	-	(84,710,488)	
11	November-13	(84,710,488)	150,000	250,000	400,000	(127,366)	(909,866)	-	(85,347,719)	
12	December-13	(85,347,719)	150,000	250,000	400,000	(128,322)	(269,282)	728,695	(\$84,616,628)	
13	Year Ended 12/31/13	(\$16,136,467)	\$1,650,000	\$2,750,000	\$4,400,000	(\$1,088,234)	(\$72,520,622)	\$728,695	(\$84,616,628)	

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.
- (f) See 2013 Storm Fund Report - Revised, Attachment 3 - Revised, adjusted to reflect the inclusion of Tropical Storm Irene costs invoiced to the Company in August 2013 as filed in the Company's September 2013 submission of its final accounting related to storm events occurring in 2010 and 2011.
- (g) Represents 50% of 2013 attachment fee revenue in excess of \$850,000, in the amount of \$728,695. For Calendar Year 2013, costs related to the amount of non-deferrable storm expense 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. Because rates under Docket No. 4323 became effective on February 1, 2013, the Company compared non-deferrable storm expense for February 2013 - December 2013, in the amount of \$4,166,212, to 11/12 of the resulting base rate allowance +/- the collar, or upper and lower limits of \$5,245,167 and \$1,578,500, respectively.
- (h) Ending balance does not reflect true up of storm-related capital costs to actual installed units for storm events experienced after March 2013.

The Narragansett Electric Company
d/b/a National Grid
2013 Storm Fund Report - Revised
2013 Storm Fund Charges
RIPUC Docket No. 2509
Attachment 3 - Revised

The Narragansett Electric Company
d/b/a National Grid
Revised Storm Fund Charges
For the Year Ended December 31, 2013

Line No.	Month	Aug-2011 Tropical Storm Irene (a)	Jul-2012 Storm Event (b)	Oct-2012 Storm Event (c)	Nov-2012 Storm Event (d)	Feb-2013 Nemo Storm Event (e)	Feb-2013 Storm Event (f)	Mar-2013 Storm Event (g)	Nov-2013 Storm Event (h)	Total (i)
1	January-13	\$0	\$0	(\$1,242,743)	(\$302,236)	\$0	\$0	\$0	\$0	(\$1,544,979)
2	February-13			(5,559,387)	(876,192)	(4,208,197)				(\$10,643,776)
3	March-13			(6,284,340)	(106,688)	(5,707,882)	(510,867)	(241,595)		(\$12,851,373)
4	April-13			(572,201)	(66)	(9,623,208)	(329,650)	(1,030,879)		(\$11,556,004)
5	May-13			(734,644)	(2,842)	(12,848,395)	(158,305)	(57,885)		(\$13,802,072)
6	June-13			(21,904)	(681)	(9,736,207)	(137,787)	(602,758)		(\$10,499,338)
7	July-13			(843,609)		(1,951,845)		(143,561)		(\$2,939,016)
8	August-13	(648,558)		(378,452)	(724)	(1,255,501)		(42,134)		(\$2,325,369)
9	September-13			(369,206)	(33,979)	(1,789,319)	(49,376)	(162,021)		(\$2,403,901)
10	October-13		(59,432)	(502,760)	(7,391)	(2,194,324)	(9,717)	(2,023)		(\$2,775,647)
11	November-13			(55,416)		(266,280)	(62,786)	(98,760)	(426,622)	(\$909,866)
12	December-13			(27,673)	(102)	(89,686)		55,664	(207,485)	(\$269,282)
13	Year Ended 12/31/13	(\$648,558)	(\$59,432)	(\$16,592,337)	(\$1,330,900)	(\$49,670,845)	(\$1,258,490)	(\$2,325,953)	(\$634,107)	(\$72,520,622)

Column Notes:

- (a) Represents final costs associated with the August 2011 Tropical Storm Irene
- (b) Represents final costs associated with the July 2012 lightning storm
- (c) Represents final costs associated with Hurricane Sandy
- (d) Represents final costs associated with the November 2012 snowstorm
- (e) Represents final costs associated with the February 2013 NorEaster (Nemo)
- (f) Represents final costs associated with the February 2013 snowstorm
- (g) Represents final costs associated with the March 2013 snowstorm
- (h) Represents preliminary costs associated with the November 2013 windstorm

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

March 31, 2017

**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 all storm costs incurred during the calendar year period. This report shows the opening balance of the Storm Fund, monthly contributions, monthly interest applied, final/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 storm-related charges applied to the Storm Fund during calendar year 2014 by individual storm event. The charges reflect the final accounting for all the qualifying storm events, as filed in the Company's June 30, 2016 Final Storm Accounting for 2012 through March 2013 Storm Events, with the exception of the November 2013 storm event. Details of the costs related to this 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
2014 Storm Fund Report - Revised
2014 Storm Fund Activity
RIPUC Docket No. 2509
Attachment 2 - Revised

The Narragansett Electric Company
d/b/a National Grid
Revised Annual Report of Storm Fund Activity
For the Year Ended December 31, 2014

Line No.	Month	Beginning Balance (a)	Monthly Contributions				Total Monthly Contributions (e)	Monthly Interest (f)	Storm Charges (g)	Adjustments (h)	Ending Balance (i)
			Monthly Contribution (b)	Monthly Contribution (c)	Monthly Contribution (d)	Monthly Contribution (e)					
1	January-14	(\$84,616,628)	\$150,000	\$250,000	\$209,261	\$609,261	(\$127,225)	(\$514,787)	\$0	(\$84,649,379)	
2	February-14	(84,649,379)	150,000	250,000	209,261	609,261	(127,431)	(145,280)	-	(84,312,829)	
3	March-14	(84,312,829)	150,000	250,000	209,261	609,261	(165,709)	(65,875)	-	(83,935,151)	
4	April-14	(83,935,151)	150,000	250,000	209,261	609,261	(164,970)	(327)	-	(83,491,187)	
5	May-14	(83,491,187)	150,000	250,000	209,261	609,261	(164,100)	34,627	-	(83,011,400)	
6	June-14	(83,011,400)	150,000	250,000	209,261	609,261	(163,161)	(52,237)	-	(82,617,536)	
7	July-14	(82,617,536)	150,000	250,000	209,261	609,261	(162,389)	-	-	(82,170,664)	
8	August-14	(82,170,664)	150,000	250,000	209,261	609,261	(161,514)	-	-	(81,722,917)	
9	September-14	(81,722,917)	150,000	250,000	209,261	609,261	(160,637)	-	-	(81,274,293)	
10	October-14	(81,274,293)	150,000	250,000	209,261	609,261	(159,759)	-	-	(80,824,791)	
11	November-14	(80,824,791)	150,000	250,000	209,261	609,261	(158,878)	-	-	(80,374,408)	
12	December-14	(80,374,408)	150,000	250,000	209,261	609,261	(157,996)	-	1,037,730	(78,885,414)	
13	Year Ended 12/31/14	(\$84,616,628)	\$1,800,000	\$3,000,000	\$2,511,132	\$7,311,132	(\$1,873,770)	(\$743,878)	\$1,037,730	(\$78,885,414)	

Column Notes:

- (a) Beginning balance adjusted to reflect the inclusion of Tropical Storm Irene costs invoiced to the Company in August 2013 as filed in the Company's September 2013 submission of its final accounting related to storm events occurring in 2010 and 2011.
- (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, concluded 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 2014 Storm Fund Report - Revised, Attachment 3 - No Revision.
- (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 true up of storm-related capital costs to actual installed units for storm events experienced after March 2013.

The Narragansett Electric Company
d/b/a National Grid
2014 Storm Fund Report - Revised
2014 Storm Fund Charges
RIPUC Docket No. 2509
Attachment 3 - No Revision

The Narragansett Electric Company
d/b/a National Grid
Revised 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	(\$49,942)	(\$1,554)	(\$401,690)	\$0	(\$70)	(\$61,531)	(\$514,787)
2	February-14	(8,497)	(1,726)	(85,993)	(518)		(48,545)	(145,280)
3	March-14	(3,270)		(42,247)	(10)	(14,045)	(6,302)	(65,875)
4	April-14			(310)			(17)	(327)
5	May-14			35,893			(1,266)	34,627
6	June-14			(52,237)				(52,237)
7	July-14							-
8	August-14							-
9	September-14							-
10	October-14							-
11	November-14							-
12	December-14							-
13	Year Ended 12/31/14	(\$61,709)	(\$3,280)	(\$546,585)	(\$528)	(\$14,115)	(\$117,661)	(\$743,878)

Column Notes:

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

The Narragansett Electric Company
d/b/a National Grid
Storm Fund Report for Calendar Year 2015
Revised

March 31, 2017

**The Narragansett Electric Company
d/b/a National Grid
Storm Fund Report - Calendar Year 2015**

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 **\$819,000**, an increase of **0.72%** compared with the previous threshold of **\$813,000**. This increase reflects the percentage change in the Seasonally Adjusted Consumer Price Index for All Urban Consumers (CPI-U) for the month of December 2015 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, 2015 through February 29, 2016 is based upon the average of the monthly rates for the twelve-month period ended December 31, 2014 for 10-year Constant Maturity Treasury Bonds as reported by the Federal Reserve Board. As filed with the PUC on January 16, 2015, this average rate for the twelve-month period ended December 31, 2014 is **2.54%**.

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 2015, **\$360,166** 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 2015, 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 2015 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	2015 Annual Storm Fund Threshold	\$ 813,000
2	Times Change in Consumer Price Index	0.72%
3	Additional Storm Fund Threshold	<u>\$ 5,854</u>
4	Actual Annual Storm Threshold for 2016	<u>\$ 818,854</u>
5	Proposed Annual Storm Fund Threshold for 2016	<u><u>\$ 819,000</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 @ 12/01/14	236.1	
All Urban Consumers - Base Period 1982-84=100 @ 12/01/15	237.8	0.72%

- 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
2015 Storm Fund Report - Revised
2015 Storm Fund Activity
RIPUC Docket No. 2509
Attachment 2 - Revised

The Narragansett Electric Company
d/b/a National Grid
Revised Annual Report of Storm Fund Activity
For the Year Ended December 31, 2015

Line No.	Month	Beginning Balance (a)	Monthly Contributions			Total Monthly Contributions (e)	Monthly Interest (f)	Storm Charges (g)	Adjustments (h)	Ending Balance (i)
			Monthly Contribution (b)	Monthly Contribution (c)	Monthly Contribution (d)					
1	January-15	(\$78,885,414)	\$150,000	\$250,000	\$209,261	\$609,261	\$0	\$0	(\$78,431,233)	
2	February-15	(78,431,233)	150,000	250,000	209,261	609,261	(841,676)	-	(78,817,839)	
3	March-15	(78,817,839)	150,000	250,000	209,261	609,261	(3,667,935)	-	(82,043,989)	
4	April-15	(82,043,989)	150,000	250,000	209,261	609,261	(1,820,473)	-	(83,429,505)	
5	May-15	(83,429,505)	150,000	250,000	209,261	609,261	(23,138)	-	(83,020,619)	
6	June-15	(83,020,619)	150,000	250,000	209,261	609,261	(772)	-	(82,588,502)	
7	July-15	(82,588,502)	150,000	250,000	209,261	609,261	(436,792)	-	(82,591,490)	
8	August-15	(85,115,597)	150,000	250,000	209,261	609,261	(2,957,904)	-	(85,115,597)	
9	September-15	(90,563,843)	150,000	250,000	209,261	609,261	(5,876,702)	-	(90,563,843)	
10	October-15	(90,678,784)	150,000	250,000	209,261	609,261	(531,863)	-	(90,678,784)	
11	November-15	(91,098,843)	150,000	250,000	209,261	609,261	(836,739)	-	(91,098,843)	
12	December-15		150,000	250,000	209,261	609,261	(232,013)	360,166	(90,554,900)	
13	Year Ended 12/31/15	(\$78,885,414)	\$1,800,000	\$3,000,000	\$2,511,132	\$7,311,132	(\$17,226,006)	\$360,166	(\$90,554,900)	

Column Notes:

- (a) Beginning balance adjusted to reflect the inclusion of Tropical Storm Irene costs invoiced to the Company in August 2013 as filed in the Company's September 2013 submission of its final accounting related to storm events occurring in 2010 and 2011.
- (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, concluded 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 2015 Storm Fund Report - Revised, Attachment 3 - No Revision.
- (f) Represents 50% of 2015 attachment fee revenue in excess of \$850,000. For Calendar Year 2015, costs related to the amount of non-deferrable storm expense of \$2,417,392 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 true up of storm-related capital costs to actual installed units for storm events experienced after March 2013.

The Narragansett Electric Company
d/b/a National Grid
2015 Storm Fund Report - Revised
2015 Storm Fund Charges
RIPUC Docket No. 2509
Attachment 3 - No Revision

The Narragansett Electric Company
d/b/a National Grid
Revised Storm Fund Charges
For the Year Ended December 31, 2015

Line No.	Month	Jan-2015 Blizzard Storm Event (a)	Feb-2015 Storm Event (b)	Aug-2015 Storm Event (c)	Total (d)
1	January-15	\$ -	\$ -	\$ -	\$ -
2	February-15	(841,676)	-		(841,676)
3	March-15	(3,054,978)	(612,957)		(3,667,935)
4	April-15	(1,558,590)	(261,882)		(1,820,473)
5	May-15	(21,929)	(1,209)		(23,138)
6	June-15	(772)			(772)
7	July-15	(436,792)			(436,792)
8	August-15	(277,188)	(1,395)	(2,679,322)	(2,957,904)
9	September-15	(1,061)		(5,875,641)	(5,876,702)
10	October-15	(2,190)		(529,673)	(531,863)
11	November-15			(836,739)	(836,739)
12	December-15			(232,013)	(232,013)
13	Year Ended 12/31/15	(\$6,195,175)	(\$877,443)	(\$10,153,388)	(\$17,226,006)

Column Notes:

- (a) Represents preliminary costs associated with the January 2015 blizzard
- (b) Represents preliminary costs associated with the February 2015 snowstorm
- (c) Represents preliminary costs associated with the August 2015 thunderstorms