

April 2, 2018

VIA HAND DELIVERY AND 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 2017**

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 2017.

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

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: Docket 2509 Service List
Docket D-11-94 Service List
Macky McCleary, Division
Jonathan Schrag, Division
John Bell, Division
Leo Wold, Esq.

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.

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

April 2, 2018
Date

**Docket No. 2509 – National Grid – Storm Fund
Service List as of 4/2/18**

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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 2017

April 2, 2018

**The Narragansett Electric Company
d/b/a National Grid
Storm Fund Report - Calendar Year 2017**

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 **\$855,000**, an increase of **2.11%** compared with the previous threshold of **\$837,000**. This increase reflects the percentage change in the Seasonally Adjusted Consumer Price Index for All Urban Consumers (CPI-U) for the month of December 2017 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, 2017 through February 28, 2018 is based upon the average of the monthly rates for the twelve-month period ended December 31, 2016 for 10-year Constant Maturity Treasury Bonds as reported by the Federal Reserve Board. As filed with the PUC on January 10, 2017, this average rate for the twelve-month period ended December 31, 2016 is **1.84%**.

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 2017, **\$222,897** 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 2017, 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 2017 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	2017 Annual Storm Fund Threshold	\$837,000
2	Times Change in Consumer Price Index	2.11%
3	Additional Storm Fund Threshold	<u>\$17,661</u>
4	Actual Annual Storm Threshold for 2018	<u>\$854,661</u>
5	Proposed Annual Storm Fund Threshold for 2018	<u><u>\$855,000</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 @ 12/01/16	242.8	
All Urban Consumers - Base Period 1982-84=100 @ 12/01/17	247.9	2.11%

- 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, 2017

Monthly Contributions

Line No.	Month	Beginning Balance	Monthly Contribution	Monthly Contribution	Monthly Contribution	Supplemental Contribution	Total Monthly Contributions	Monthly Interest	Storm Charges	Adjustments	Ending Balance
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
1	January-17	(\$94,179,704)	\$150,000	\$250,000	\$209,261	\$0	\$609,261	(\$168,497)	\$0	\$0	(\$93,738,940)
2	February-17	(93,738,940)	150,000	250,000	209,261	0	609,261	(167,711)	(\$328,011)	0	(93,625,401)
3	March-17	(93,625,401)	150,000	250,000	209,261	0	609,261	(144,026)	(\$1,865,144)	0	(95,025,310)
4	April-17	(95,025,310)	150,000	250,000	209,261	0	609,261	(146,173)	(\$899,557)	0	(95,461,778)
5	May-17	(95,461,778)	150,000	250,000	209,261	0	609,261	(146,842)	(\$1,004,851)	0	(96,004,210)
6	June-17	(96,004,210)	150,000	250,000	209,261	0	609,261	(147,674)	(\$110,492)	0	(95,653,115)
7	July-17	(95,653,115)	150,000	250,000	209,261	890,671	1,499,932	(147,135)	(\$7,536)	0	(94,307,854)
8	August-17	(94,307,854)	150,000	250,000	209,261	2,028,254	2,637,515	(145,755)	(\$2,333)	0	(91,818,427)
9	September-17	(91,818,427)	150,000	250,000	209,261	1,850,778	2,460,039	(142,810)	(\$270)	0	(89,501,468)
10	October-17	(89,501,468)	150,000	250,000	209,261	1,678,718	2,287,979	(139,122)	(\$59,278)	0	(87,411,889)
11	November-17	(87,411,889)	150,000	250,000	209,261	1,631,262	2,240,523	(135,786)	(\$5,900,527)	0	(91,207,679)
12	December-17	(91,207,679)	150,000	250,000	209,261	1,638,429	2,247,690	(141,570)	(\$2,930,138)	222,897	(91,808,798)
13	Year Ended 12/31/17	(\$94,179,704)	\$1,800,000	\$3,000,000	\$2,511,132	\$9,718,113	\$17,029,245	(\$1,773,100)	(\$13,108,136)	\$222,897	(\$91,808,798)

Column Notes:

- (a) See 2016 Storm Fund Report - Attachment 2
- (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. Per RIPUC Docket No. 4686, an extension of an additional \$3.0 million is to be contributed annually to the Storm Fund for a period of twenty six months, with an expiration date of March 31, 2021.
- (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.
- (e) Per RIPUC Docket No. 4686, Storm Fund Replenishment Factor (SFRF) amount for a period of four years commencing July 1, 2017.
- (h) See 2017 Storm Fund Report - Attachment 3
- (i) Represents 50% of 2017 attachment fee revenue in excess of \$850,000. For Calendar Year 2017, costs related to the amount of non-deferrable storm expense of \$4,329,681 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.
- (j) 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
Storm Fund Charges
For the Year Ended December 31, 2017

Line No.	Month	Jan-2015 Blizzard Storm Event (a)	Aug-2015 Storm Event (b)	Feb-5-2016 Storm Event (c)	Apr-2016 Storm Event (d)	Feb-2017 Storm Event (e)	Mar-2017 Storm Event (f)	Oct-2017 Storm Event (g)	Total (h)
1	January-17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	February-17	(61,495)	(2,879)	(5,748)	(47,408)	(210,481)	0	0	(328,011)
3	March-17	(1,419)	(13,220)	(42,911)	0	(407,658)	(1,399,936)	0	(1,865,144)
4	April-17	0	0	(6,242)	0	(2,890)	(890,425)	0	(899,557)
5	May-17	0	0	0	0	(240,278)	(764,573)	0	(1,004,851)
6	June-17	0	0	0	0	(70,995)	(39,498)	0	(110,492)
7	July-17	0	0	0	0	(79)	(7,457)	0	(7,536)
8	August-17	0	(2,333)	0	0	0	0	0	(2,333)
9	September-17	0	0	0	0	0	(270)	0	(270)
10	October-17	0	0	0	0	0	0	(59,278)	(59,278)
11	November-17	0	0	0	0	0	0	(5,900,527)	(5,900,527)
12	December-17	0	0	0	0	0	0	(2,930,138)	(2,930,138)
13	Year Ended 12/31/17	(\$62,914)	(\$18,432)	(\$54,901)	(\$47,408)	(\$932,381)	(\$3,102,158)	(\$8,889,943)	(\$13,108,136)

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 April 2016 storm event
- (e) Represents preliminary costs associated with the February 2017 storm event
- (f) Represents preliminary costs associated with the March 2017 storm event
- (g) Represents preliminary costs associated with the October 2017 storm event
- (h) Column (a) + (b) + (c) + (d) + (e) + (f) + (g)