

# Narragansett Electric

A **National Grid** Company



Terry L. Schwennesen  
General Counsel

March 25, 2004

## BY HAND DELIVERY & ELECTRONIC MAIL

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

Re: **Storm Fund – Docket 2509**

Dear Ms. Massaro:

Enclosed for filing on behalf of The Narragansett Electric Company (“Narragansett” or “Company”) are ten copies of the Storm Fund Report showing the balance of the Storm Fund through December 2003.

Please contact me if you have any questions about this report.

Sincerely,

A handwritten signature in black ink, appearing to read 'Terry L. Schwennesen', written over a horizontal line.

Terry L. Schwennesen

Enclosures

C: P. Roberti  
S. Scialabba  
J. Bell

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PUBLIC UTILITIES COMMISSION

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Narragansett Electric  
Storm Fund Report - April 2004

March 31, 2004

## **The Narragansett Electric Company Storm Fund Report - April 2004**

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

The new Storm Fund Threshold, calculated on Attachment 1 of this report, is \$638,000, an increase of 1.87% compared with the previous threshold of \$626,000. This increase reflects the percentage change in the Consumer Price Index for All Urban Consumers (CPI-U) for the year ended December 31, 2003 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, 2003 through February 29, 2004 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, 2004 was 4.04%.

### Incremental Attachment Fee Revenue

Pursuant to the Third Amended Stipulation and Settlement dated March 14, 2000 in Docket 2930, 50% 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 directly credited to the Company's Storm Fund account. In December 2003, \$186,673 was credited to the Storm Fund account pursuant to this provision.

### 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. The Company did not charge any money to the fund in 2003.

The Narragansett Electric Company  
 Annual Escalation of Storm Fund Threshold  
 For the Year Ended December 31, 2003

1. Annual Storm Fund Threshold	\$626,000
2. Times Change in Consumer Price Index	1.87%
3. Additional Storm Fund Threshold	\$11,706
4. Actual Annual Storm Threshold for 2003	\$637,706
5. Proposed Annual Storm Fund Threshold for 2003	\$638,000

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</u> <u>Change</u>
All Urban Consumers - Base Period 1982-84=100 @ 12/31/00	185.0	
All Urban Consumers - Base Period 1982-84=100 @ 12/31/03	181.6	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  
Calculation of Average Annual Storm Fund Interest Rate  
For the Year March 1, 2003 to February 29, 2004

<u>Federal Reserve Board Statistical Release Date 1/</u>	<u>10 Year Constant Maturity Treasury Bonds Interest Rate</u>
April 1, 2003	3.81%
May 6, 2003	3.96%
June 3, 2003	3.57%
July 1, 2003	3.33%
August 5, 2003	3.98%
September 2, 2003	4.45%
October 7, 2003	4.27%
November 4, 2003	4.29%
December 2, 2003	4.30%
January 6, 2004	4.27%
February 3, 2004	4.15%
March 2, 2004	4.08%
Average Annual Rate	<u>4.04%</u>

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

## The Narragansett Electric Company

Annual Report of Storm Fund Activity  
 For the Year Ended December 31, 2003

Month	Beginning Balance (a)	Monthly Contributor (b)	Monthly Interest (e)	Storm Charges (f)	Adjustments (g)	Ending Balance (i)
January-03	\$11,627,723	\$86,750	\$48,240.92	\$0	\$0	\$11,762,713
February	\$11,762,713	\$86,750	\$48,733.02	\$0	\$0	\$11,898,196
March	\$11,898,196	\$86,750	\$43,862.84	\$0	\$0	\$12,028,809
April	\$12,028,809	\$86,750	\$44,346.11	\$0	\$0	\$12,159,905
May	\$12,159,905	\$86,750	\$44,831.16	\$0	\$0	\$12,291,487
June	\$12,291,487	\$86,750	\$45,318.01	\$0	\$0	\$12,423,555
July	\$12,423,555	\$86,750	\$45,806.66	\$0	\$0	\$12,556,111
August	\$12,556,111	\$86,750	\$46,297.12	\$0	\$0	\$12,689,158
September	\$12,689,158	\$86,750	\$46,789.40	\$0	\$0	\$12,822,698
October	\$12,822,698	\$86,750	\$47,283.49	\$0	\$0	\$12,956,731
November	\$12,956,731	\$86,750	\$47,779.42	\$0	\$0	\$13,091,261
December	\$13,091,261	\$86,750	\$48,277.18	\$0	\$186,673 (k)	\$13,412,961
Year Ended 12/31/03	\$13,091,261	\$1,041,000	\$557,565	\$0	\$186,673	\$13,412,961

(k) represents 50% of 2003 attachment fee revenue in excess of \$850,000