

March 22, 2010

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 Fund Report for 2009

Dear Ms. Massaro:

In accordance with Commission Order 15360 (August 1997) in Docket 2509, enclosed please find (10) ten copies of National Grid's¹ Storm Fund Report for calendar year 2009.

Thank you for your attention to this filing. Should you have any questions regarding this report, please feel free to contact me at (401) 784-7667.

Very truly yours,



Thomas R. Teehan

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.

The Narragansett Electric Company
d/b/a National Grid
Storm Fund Report for Calendar Year 2009

March 31, 2010

**The Narragansett Electric Company
d/b/a National Grid
Storm Fund Report - March 2010**

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 \$750,000, an increase of 2.82% compared with the previous threshold of \$729,000. This increase reflects the percentage change in the Consumer Price Index for All Urban Consumers (CPI-U) for the month of December 2009 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, 2010 through February 28, 2011 is based upon the average of the monthly rates for the twelve-month period ended February 28, 2010 for 10-year constant maturity Treasury Bonds as reported by the Federal Reserve Board. As shown in Attachment 2, this average rate for the twelve-month period ended February 28, 2010 is 3.43%.

Incremental Attachment Fee Revenue

Pursuant to the Distribution Rate Plan Second Amended Stipulation and Settlement approved in Docket No. 3617, 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 credited to the Company's Storm Fund. In December 2009, \$408,497 was credited to the Storm Fund 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. There were no eligible storms which occurred during 2009.

The Narragansett Electric Company

d/b/a National Grid

Annual Escalation of Storm Fund Threshold

1. 2009 Annual Storm Fund Threshold	\$729,000
2. Times Change in Consumer Price Index	2.82%
3. Additional Storm Fund Threshold	\$20,558
4. Actual Annual Storm Threshold for 2010	\$749,558
5. Proposed Annual Storm Fund Threshold for 2010	\$750,000

1/ Annual Threshold based on the Distribution Rate Plan Second Amended Stipulation and Settlement dated October 15, 2004.

2/ Consumer Price Index:

	<u>Index</u>	<u>Percent Change</u>
All Urban Consumers - Base Period 1982-84=100 @ 12/01/08	211.6	
All Urban Consumers - Base Period 1982-84=100 @ 12/01/09	217.5	2.82%

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

Calculation of Average Annual Storm Fund Interest Rate
For the Year March 1, 2009 to February 28, 2010

Federal Reserve Board Statistical Release Date 1/	10 Year Constant Maturity Treasury Bonds Interest Rate
April 7, 2009	2.82%
May 5, 2009	2.93%
June 2, 2009	3.29%
July 7, 2009	3.72%
August 4, 2009	3.56%
September 1, 2009	3.59%
October 6, 2009	3.40%
November 3, 2009	3.39%
December 1, 2009	3.40%
January 5, 2010	3.59%
February 2, 2010	3.73%
March 2, 2010	3.69%
Average Annual Rate	<u>3.43%</u>

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

The Narragansett Electric Company
d/b/a National Grid
Annual Report of Storm Fund Activity
For the Year Ended December 31, 2009

Month	Beginning Balance (a)	Monthly Contribution (b)	Monthly Interest (c)	Charges (d)	Adjustments (g)	Ending Balance (h)
January-09	\$20,387,375	\$86,750	\$75,612		\$0	\$20,549,737
February	\$20,549,737	\$86,750	\$76,215		\$0	\$20,712,703
March	\$20,712,703	\$86,750	\$60,113		\$0	\$20,859,566
April	\$20,859,566	\$86,750	\$60,540		\$0	\$21,006,856
May	\$21,006,856	\$86,750	\$60,969		\$0	\$21,154,575
June	\$21,154,575	\$86,750	\$61,398		\$0	\$21,302,723
July	\$21,302,723	\$86,750	\$61,829		\$0	\$21,451,303
August	\$21,451,303	\$86,750	\$62,261		\$0	\$21,600,314
September	\$21,600,314	\$86,750	\$62,695		\$0	\$21,749,759
October	\$21,749,759	\$86,750	\$63,129		\$0	\$21,899,638
November	\$21,899,638	\$86,750	\$63,565		\$0	\$22,049,954
December	\$22,049,954	\$86,750	\$64,002		\$408,497 1/	\$22,609,203
Year Ended 12/31/09	\$20,387,375	\$1,041,000	\$772,331	\$0	\$408,497	\$22,609,203

1/ Represents 50% of 2009 attachment fee revenue in excess of \$850,000.