**Jennifer Brooks Hutchinson**
Senior Counsel

May 9, 2022

**VIA ELECTRONIC MAIL**

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

**RE: Docket 4770 – Electric Earnings Sharing Mechanism**
**Earnings Report - Twelve Months Ended December 31, 2021**

Dear Ms. Massaro:

In accordance with Article II, Section 6 of the Amended Settlement Agreement approved by the Rhode Island Public Utilities Commission (PUC) on August 24, 2018, in the above-referenced docket, enclosed is an electronic version[1] of the earnings report for the twelve-month period ended December 31, 2021, for the electric operations of the Company.[2]

The 2021 calendar year actual electric earnings was 11.14% (with incentives) and the regulatory return on equity (ROE) was 10.02% (without incentives) (See Page 1, line 5), inclusive of the revenues received from the Block Island Transmission System ("BITS") assets under the Integrated Facilities Agreement for O&M, A&G and property tax and actual expenses for O&M, A&G, and property taxes in accordance with the Company's February 2, 2022 letter to the PUC in Docket Nos. 4770 and 5127 (See Page 3, Line 24, column (f) and Page 8).

Based on the Company's earnings sharing mechanism, it shares 50% of earnings above 9.275% and 75% of earnings above 10.275%, as compared to the regulatory ROE, with customers. Based on the Company's current regulatory ROE of 10.02%, it will be providing customers a credit of $2,384,000. (See Page 7, Line 20.) Pursuant to the Amended Settlement Agreement in this docket, this credit will be applied to the Storm Fund which will reduce the amount required to be collected from customers in the future, unless otherwise instructed by the PUC.

[1] Per a communication from Commission counsel on October 4, 2021, the Company is submitting an electronic version of this filing followed by six (6) hard copies filed with the Clerk within 24 hours of the electronic filing.

[2] The Narragansett Electric Company d/b/a National Grid (National Grid or the Company).

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Thank you for your attention to this transmittal. If you have any questions regarding this filing, please contact me at 401-784-7288.

Very truly yours,

Jennifer Brooks Hutchinson

Enclosure

cc: Docket 4770 Service List
John Bell, Division
Tiffany Parenteau, Esq.
Leo Wold, Esq.

**The Narragansett Electric Company**
**Return on Rate Base**
**Return on Common Equity**
**Twelve Months Ended December 31, 2021**

| Line No. | | Base Earnings | Twelve Months Ending December 31, 2021 Actual Earnings | Allowed | Ceiling |
|---|---|---|---|---|---|
| 1 | | | | | |
| 2 | | 1/ | 2/ | 3/ | 3/ |
| 3 | Return on Distribution Rate Base | 7.40% | 7.92% | 6.97% | 6.97% |
| 4 | | | | | |
| 5 | Return on Distribution Common Equity | 10.02% | 11.14% | 9.275% | 9.275% |
| 6 | | | | | |
| 7 | 1/ Excludes incentives and penalties detailed at Page 2, Lines 3 through 8 | | | | |
| 8 | 2/ Includes incentives detailed at Page 2 | | | | |
| 9 | 3/ Allowed Return and Ceiling, presented below. | | | | |

| Line No. | | Total | Per Amended Settlement Agreement in Docket 4770 — Allowed Cost Rate | Allowed Weighted Cost | Ceiling Cost Rate | Ceiling Weighted Cost |
|---|---|---|---|---|---|---|
| 10 | | | | | | |
| 11 | | | | | | |
| 12 | | | | | | |
| 13 | | | | | | |
| 14 | | | | | | |
| 15 | Short Term Debt | 0.60% | 1.76% | 0.01% | 1.76% | 0.01% |
| 16 | Long Term Debt | 48.35% | 4.62% | 2.23% | 4.62% | 2.23% |
| 17 | Preferred Stock | 0.10% | 4.50% | 0.00% | 4.50% | 0.00% |
| 18 | Common Equity | 50.95% | 9.275% | 4.73% | 9.275% | 4.73% |
| 19 | | 100.00% | | 6.97% | | 6.97% |

| Line No. | | Amount | Total | EARNED Cost Rate | EARNED Weighted Cost | Taxes | Pre-Tax Weighted Cost |
|---|---|---|---|---|---|---|---|
| 20 | | | | | | | |
| 21 | | | | | | | |
| 22 | | | | | | | |
| 23 | | | | | | | |
| 24 | | | | | | | |
| 25 | | | | | | | |
| 26 | Short Term Debt | $5,950,140 | 0.60% | 1.76% | 0.01% | | 0.01% |
| 27 | Long Term Debt | $479,482,084 | 48.35% | 4.62% | 2.23% | | 2.23% |
| 28 | Preferred Stock | $991,690 | 0.10% | 4.50% | 0.00% | 0.00% | 0.00% |
| 29 | Common Equity | $505,266,022 | 50.95% | 10.02% | 5.11% | 1.12% 5/ | 6.23% |
| 30 | 5-Quarter Average Distribution Rate Base as of Dec 31, 2021 | $991,689,936 4/ | 100.00% | | 7.35% | 1.12% | 8.47% |
| 31 | | | | | | | |
| 32 | 4/ Page 4 of 8, Line 38, Column (f) | | | | | | |
| 33 | 5/ includes adj. for Flowthrough Items below | | | | | | |
| 34 | | | | | | | |
| 35 | | | | | | | |

PREFERRED STOCK EARNINGS, INTEREST EXPENSE,
AND FEDERAL INCOME TAX
CALCULATED USING IMPUTED CAPITAL STRUCTURE

| Line No. | | | | | | | $000s |
|---|---|---|---|---|---|---|---|
| 36 | | | | | | | |
| 37 | | | | | | | |
| 38 | | | | | | | |
| 39 | | | | | | | |
| 40 | | | | | | | |
| 41 | PREF. STOCK: | $991,689,936 | X | 0.00% | (a) | = | $45 |
| 42 | INTEREST: | $991,689,936 | X | 2.24% | (b) | = | $22,214 |
| 43 | | | | | | | |
| 44 | FIT: | $991,689,936 | X | 1.36% | (c) | = | $13,471 |
| 45 | | Plus: Flowthrough Items | | | (d) | | ($2,334) |
| 46 | | Total Federal Income Taxes ("FIT") | | | | | $11,137 |
| 47 | | | | | | | |
| 48 | (a) | From Line 28, Column "Weighted Cost" | | | | | |
| 49 | (b) | Sum of Lines 26 and 27, Column "Weighted Cost". | | | | | |
| 50 | (c) | (0.00% + 5.11%) / 79% - (0.00% + 5.11%) | | | | | |
| 51 | (d) | Flowthrough Items (tax effected) | | | | | |
| 52 | | Investment Tax Credit ("ITC") Amortization | | | | | $0 |
| 53 | | ITC Basis Reduction Depreciation | | | | | $0 |
| 54 | | AFUDC Equity Depreciation | | | | | $90 |
| 55 | | Unfunded Amortization | | | | | $650 |
| 56 | | Amortization of Federal Rate Change | | | | | ($3,074) |
| 57 | | | | | | | |
| 58 | | | | | | | ($2,334) |

**THE NARRAGANSETT ELECTRIC COMPANY**
**Return on Equity Calculation**
**Return on Rate Base Calculation**
**Twelve Months Ended December 31, 2021**
**($000s)**

| Line No. | | Return on Equity | | | Return on Rate Base | | | |
|---|---|---|---|---|---|---|---|---|
| | | Base Earnings (a) | Basis Points (b) | Actual Earnings (c) | Base Earnings (d) | Basis Points (e) | Actual Earnings (f) | |
| 1 | Distribution Operating Income Before Taxes | $91,188 | | $91,188 | $91,188 | | $91,188 | 1/ |
| 2 | Adjustments: | | | | | | | |
| 3 | Service Quality ("SQ") Penalties Accrued | $0 | 0.00% | | $0 | 0.00% | | 2/, 3/ |
| 4 | Energy Efficiency Program Incentive | ($3,854) | -0.76% | | ($3,854) | -0.39% | | 3/ |
| 5 | System Reliability Procurement Incentives | $0 | 0.00% | | $0 | 0.00% | | 3/ |
| 6 | LTCRER Incentive | ($2,144) | -0.42% | | ($2,144) | -0.22% | | 3/ |
| 7 | RE Growth Remuneration | ($540) | -0.11% | | ($540) | -0.05% | | 3/ |
| 8 | Performance Incentive Mechanism Incentives | ($622) | -0.12% | | $0 | 0.00% | | 3/ |
| 9 | | | | | | | | |
| 10 | Adjusted Distribution Operating Income Before Taxes | $84,027 | | $91,188 | $84,650 | | $91,188 | 4/ |
| 11 | Interest Charges | $22,214 | | $22,214 | $22,214 | | $22,214 | 5/ |
| 12 | Income Taxes @ 21% net of flowthrough | $11,137 | -0.30% | $12,641 | $11,268 | -0.14% | $12,641 | 6/ |
| 13 | | | | | | | | |
| 14 | Net Income | $50,676 | | $56,333 | $73,382 | | $78,547 | 7/ |
| 15 | | | | | | | | |
| 16 | Less: Preferred Stock Requirements | $45 | | $45 | $45 | | $45 | 5/ |
| 17 | Earnings Available for Common | $50,632 | | $56,289 | $73,382 | | $78,547 | 8/ |
| 18 | | | | | | | | |
| 19 | Average Common Equity - 5-Quarter Average | $505,266 | | $505,266 | $991,690 | | $991,690 | 9/ |
| 20 | | | | | | | | |
| 21 | **Rate of Return on Adjusted Average Common Equity** | 10.02% | | 11.14% | 7.40% | | 7.92% | 10/ |

**Notes**

1/ Page 3 of 8 Line 27
2/ Effective Dec. 2005, SQ penalties booked below the line.
3/ Column (b) = column (a) ÷ Line 19 (a). Column (e) = column (d) ÷ Line 19 (d)
4/ Line 1 + Sum of Line 3 through 8
5/ Calculated using imputed capital structure and cost rates; see Page 1 of 8, Lines 42, 41, 29, and 30
6/ Page 1 of 8, Line 46
7/ Column (a) & (c): Line 10 - Line 11 - Line 12. Column (d) & (f): Line 10 - Line 12
8/ Column (a) & (c): Line 14 - Line 16. Column (d) & (f) = Line 14
9/ Calculated using imputed capital structure and cost rates; see Page 1 of 8, Line 29, and Line 30
10/ Line 17 ÷ Line 19

**THE NARRAGANSETT ELECTRIC COMPANY**
**Income Statement**
**Twelve Months Ended December 31, 2021**
($000s)

| Line No. | | Total Electric Business | Less: Integrated Facilities Agreement (IFA) Amounts Billed to New England Power Co. | Less: Billed Block Island Transmission System Credits and Actual Expenses | Add: Other Adjustments | Distribution Amount w/o BITS Per Schedules | Island Transmission System Excess Revenue and Expenses | Electric Distribution Amount w/ BITS Per Schedules | |
|---|---|---|---|---|---|---|---|---|---|
| | | (a) | (b) | (c) | (d) | (e) = (a)-(b)-(c)+(d) | (f) | (g) = (e) + (f) | |
| 1 | Revenue - Sales of Electricity | $336,259 | | | | $336,259 | | $336,259 | |
| 2 | Other Revenue | $762,611 | | | $2,195 | $764,806 | | $764,806 | 1/ |
| 3 | Total Revenue | $1,098,870 | | | | $1,101,065 | $0 | $1,101,065 | |
| 4 | Operating Expenses: | | | | | | | | |
| 5 | Purchased Power | $336,278 | | | | $336,278 | | $336,278 | |
| 6 | Transmission Wheeling | $237,371 | | | | $237,371 | | $237,371 | |
| 7 | Transmission Wheeling - IFA and BITS Credit | ($157,351) | ($140,270) | ($17,081) | | ($0) | ($12,920) | ($12,920) | 2/ |
| 8 | Uncollectible Expense | $10,629 | | | $3,498 | $14,128 | | $14,128 | |
| 9 | Genl & Admin. O&M | $141,580 | $17,012 | | | $124,568 | | $124,568 | |
| 10 | All Other Operation & Maintenance ("O&M") exp | $179,545 | $11,505 | $225 | ($1,687) | $166,128 | $225 | $166,353 | 3/ |
| 11 | Company Share of Earned Savings | $0 | | | | $0 | | $0 | |
| 12 | Depreciation | $90,310 | $27,507 | $2,912 | | $59,891 | $2,912 | $62,802 | |
| 13 | Amortization of Loss on Reacquired Debt | $775 | $48 | | ($642) | $85 | | $85 | |
| 14 | Amortization - Other | $845 | | | | $845 | | $845 | |
| 15 | Gross Earnings Tax | $41,263 | | | | $41,263 | | $41,263 | |
| 16 | Municipal Tax | $50,409 | $17,078 | $259 | | $33,072 | $259 | $33,331 | |
| 17 | Other Non-Income taxes | $6,287 | $662 | | | $5,625 | | $5,625 | |
| 18 | Current and Deferred Income Taxes | $34,261 | | | ($34,261) | $0 | | $0 | |
| 19 | Regulatory Debits | $0 | | | | $0 | | $0 | |
| 20 | Accretion Expense | $0 | | | $0 | $0 | | $0 | |
| 21 | Amortization of ITC | ($0) | ($1) | | | $1 | | $1 | |
| 22 | Interest on Customer Deposits | $146 | | | | $146 | | $146 | 4/ |
| 23 | Donations | $0 | | | $0 | $0 | | $0 | |
| 24 | Total Operating Expenses | $972,348 | ($66,460) | ($13,685) | ($33,092) | $1,019,401 | ($9,524) | $1,009,877 | |
| 25 | | | | | | | | | |
| 26 | Net Operating Income | $126,522 | | | | | | | |
| 27 | Distribution Operating Income Before Taxes | | | | | $81,664 | | $91,188 | |

**Notes**

1/ Property Tax Deferral Adjustment

| | |
|---|---|
| Add: Adjustment that relates to CY21 | 2,195,351 |
| Total Revenue Normalization Adjustment | 2,195,351 |

2/ Per Page 8 of 8

3/ Adjustment to all Other Operation & Maintenance expense

| | |
|---|---|
| Variable Pay | ($493,578) |
| Sales expense | ($239,260) |
| Amortization of Service Company EDIT not charged to NECO Electri | ($115,905) |
| Service Company Rents out of period adjustment | ($838,159) |
| Total Adjustment | ($1,686,901) |

4/ Below the line items brought above the line for ratemaking.

**THE NARRAGANSETT ELECTRIC COMPANY**
**Rate Base - Electric Distribution**
**Five Quarter Average**

| Line No. | Description | (a) December 2020 | (b) March 2021 | (c) June 2021 | (d) September 2021 | (e) December 2021 | (f) 5-Quarter Average |
|---|---|---|---|---|---|---|---|
| 1 | Utility Plant in Service | $ 1,853,918,047 | $ 1,881,087,601 | $ 1,900,141,233 | $ 1,928,293,515 | $ 1,950,804,206 | $ 1,902,848,920 |
| 2 | IFA allocated Plant | - | - | - | - | - | - |
| 3 | Block Island Transmission System (BITS) Assets | - | - | - | - | - | - |
| 4 | Total Distribution Plant | $ 1,853,918,047 | $ 1,881,087,601 | $ 1,900,141,233 | $ 1,928,293,515 | $ 1,950,804,206 | $ 1,902,848,920 |
| 5 | | | | | | | |
| 6 | | | | | | | |
| 7 | Property Held for Future Use | 2,496,042 | 2,496,042 | 2,496,042 | 2,496,042 | 2,496,042 | $ 2,496,042 |
| 8 | Less: Contribution in Aid of Construction | 447,216 | 447,216 | 372,216 | 259,716 | 259,716 | 357,216 |
| 9 | Less: Accumulated Depreciation | 739,767,883 | 745,939,390 | 754,934,642 | 762,403,274 | 768,596,795 | 754,328,397 |
| 10 | Less: IFA allocated Depreciation | - | - | - | - | - | - |
| 11 | Less: Block Island Transmission System (BITS) Depreciation | - | - | - | - | - | - |
| 12 | Total Accumulated Depreciation | 739,767,883 | 745,939,390 | 754,934,642 | 762,403,274 | 768,596,795 | 754,328,397 |
| 13 | | | | | | | |
| 14 | Net Plant in Service | $ 1,116,198,990 | $ 1,137,197,037 | $ 1,147,330,418 | $ 1,168,126,567 | $ 1,184,443,738 | $ 1,150,659,350 |
| 15 | | | | | | | |
| 16 | Plus: | | | | | | |
| 17 | Materials and Supplies | $ 1,242,479 | $ 812,860 | $ 676,308 | $ 382,306 | $ 785,776 | $ 779,946 |
| 18 | Prepayments | 1,815,446 | 1,686,384 | 515,637 | 1,096,344 | 1,913,602 | 1,405,483 |
| 19 | Loss on Reacquired Debt | 1,446,046 | 1,417,677 | 1,387,747 | 1,370,287 | 1,361,197 | 1,396,591 |
| 20 | Cash Working Capital | 17,922,078 | 17,922,078 | 17,922,078 | 17,922,078 | 17,922,078 | 17,922,078 |
| 21 | Cash Working Capital - Commodity & Gross Receipts Tax | 43,982,259 | $48,075,148 | 48,075,148 | 48,075,148 | 48,075,148 | 47,256,570 |
| 22 | Unamortized Interest Rate Lock | $1,847,041 | 1,822,538 | 1,798,035 | 1,773,532 | 1,749,030 | 1,798,035 |
| 23 | Unamortized Debt Issuance Costs ($550M) | $768,327 | 758,327 | 748,327 | 738,327 | 728,327 | 748,327 |
| 24 | Unamortized Debt Issuance Costs ($250M 2012) | $729,618 | 721,295 | 712,972 | 704,650 | 696,327 | 712,972 |
| 25 | Unamortized Debt Issuance Costs ($350M 2018) | $546,836 | 528,809 | 510,781 | 492,753 | 474,726 | 510,781 |
| 26 | Unamortized Debt Issuance Costs ($600M 2020) | 1,002,109 | 975,267 | 948,425 | 921,583 | 894,741 | 948,425 |
| 27 | | | | | | | |
| 28 | Subtotal | $ 71,302,239 | $ 74,720,383 | $ 73,295,459 | $ 73,477,008 | $ 74,600,952 | $ 73,479,208 |
| 29 | | | | | | | |
| 30 | Less: | | | | | | |
| 31 | Accumulated Deferred Federal Income Taxes ("FIT") | $ 219,694,430 | $ 223,450,159 | $ 224,571,670 | $ 223,632,464 | $ 219,545,656 | $ 222,178,875 |
| 32 | Block Island Transmission System (BITS) ADIT | - | - | - | - | - | - |
| 33 | Accumulated Deferred FIT on Loss on Reacquired Debt | 303,670 | 297,712 | 291,427 | 287,760 | 285,851 | 293,284 |
| 34 | Customer Deposits | 9,999,649 | 9,676,268 | 10,132,097 | 9,944,483 | 10,129,820 | 9,976,463 |
| 35 | | | | | | | |
| 36 | Subtotal | $ 229,997,748 | $ 233,424,138 | $ 234,995,193 | $ 233,864,707 | $ 229,961,327 | $ 232,448,623 |
| 37 | | | | | | | |
| 38 | Rate Base | $ 957,503,482 | $ 978,493,282 | $ 985,630,683 | $ 1,007,738,869 | $ 1,029,083,363 | $ 991,689,936 |

**Line Notes**

38 Line 14 + Line 28 - Line 36

**THE NARRAGANSETT ELECTRIC COMPANY**
**Rate Base - Integrated Facilities Agreement (IFA) and Block Island Transmission System (BITS)**
**Five Quarter Average**

| Line No. | Description | (a) December 2020 | (b) March 2021 | (c) June 2021 | (d) September 2021 | (e) December 2021 | (f) 5-Quarter Average |
|---|---|---|---|---|---|---|---|
| 1 | Utility Plant in Service | $ 982,754,493 | $ 991,172,492 | $ 999,500,057 | $ 1,000,654,404 | $ 1,002,883,763 | $ 995,393,042 |
| 2 | IFA allocated Plant | 7,204,993 | 7,273,068 | 7,325,454 | 7,117,087 | 7,307,103 | 7,245,541 |
| 3 | Block Island Transmission System (BITS) Assets | 115,727,667 | 115,741,499 | 115,744,367 | 115,747,288 | 115,748,317 | 115,741,828 |
| 4 | Total Transmission Plant | $ 1,105,687,152 | $ 1,114,187,059 | $ 1,122,569,879 | $ 1,123,518,778 | $ 1,125,939,183 | $ 1,118,380,410 |
| 5 | | | | | | | |
| 6 | | | | | | | |
| 7 | Property Held for Future Use | 12,532,019 | 12,532,019 | $12,532,019 | $12,532,019 | $ 12,532,019 | 12,532,019 |
| 8 | Less: Contribution in Aid of Construction | | | | | | |
| 9 | Less: Accumulated Depreciation | 160,614,354 | 166,762,853 | 172,762,723 | 178,978,402 | 183,995,729 | 172,622,812 |
| 10 | Less: IFA allocated Depreciation | 1,590,588 | 1,680,097 | 1,726,645 | 1,730,940 | 1,766,326 | 1,698,919 |
| 11 | Less: Block Island Transmission System (BITS) Depreciation | 10,782,481 | 11,510,362 | 12,238,295 | 12,966,240 | 13,694,196 | 12,238,315 |
| 12 | Total Accumulated Depreciation | 172,987,422 | 179,953,312 | 186,727,663 | 193,675,582 | 199,456,251 | 186,560,046 |
| 13 | | | | | | | |
| 14 | Net Plant in Service | $ 945,231,749 | $ 946,765,766 | $ 948,374,234 | $ 942,375,215 | $ 939,014,950 | $ 944,352,383 |
| 15 | | | | | | | |
| 16 | Plus: | | | | | | |
| 17 | Materials and Supplies | $ 2,642,285 | $ 2,634,446 | $ 2,754,275 | $ 2,757,182 | $ 3,138,782 | $ 2,785,394 |
| 18 | Prepayments | 932,732 | 862,564 | 263,388 | 558,515 | 967,027 | 716,845 |
| 19 | Loss on Reacquired Debt | 742,943 | 725,123 | 708,864 | 698,070 | 687,873 | 712,575 |
| 20 | Cash Working Capital | 2,724,192 | 4,220,865 | 3,329,211 | 6,142,719 | 3,026,013 | 3,888,600 |
| 21 | Cash Working Capital - Commodity & Gross Receipts Tax | - | - | - | - | - | - |
| 22 | Unamortized Interest Rate Lock | 1,143,114 | 1,127,949 | $1,112,785 | $1,097,620 | $1,082,456 | 1,112,785 |
| 23 | Unamortized Debt Issuance Costs ($550M) | 475,503 | 469,314 | $463,125 | $456,936 | $450,748 | 463,125 |
| 24 | Unamortized Debt Issuance Costs ($250M 2012) | 451,547 | 446,396 | $441,245 | $436,094 | $430,944 | 441,245 |
| 25 | Unamortized Debt Issuance Costs ($350M 2018) | 458,114 | 443,011 | $427,908 | $412,806 | $397,703 | 427,908 |
| 26 | Unamortized Debt Issuance Costs ($600M 2020) | 839,520 | 817,033 | $794,546 | $772,058 | $749,571 | 794,546 |
| 27 | | | | | | | |
| 28 | Subtotal | $ 10,409,948 | $ 11,746,701 | $ 10,295,348 | $ 13,332,002 | $ 10,931,117 | $ 11,343,023 |
| 29 | | | | | | | |
| 30 | Less: | | | | | | |
| 31 | Accumulated Deferred Federal Income Taxes ("FIT") | $ 133,491,140 | $ 139,457,204 | $ 139,333,571 | $ 139,872,420 | $ 141,654,867 | $ 138,761,840 |
| 32 | Block Island Transmission System (BITS) ADIT | 22,072,927 | 22,136,101 | 22,178,099 | 22,220,097 | 22,263,247 | 22,174,094 |
| 33 | Accumulated Deferred FIT on Loss on Reacquired Debt | 156,018 | 152,276 | 148,861 | 146,595 | 144,453 | 149,641 |
| 34 | Customer Deposits | - | - | - | - | - | - |
| 35 | | | | | | | |
| 36 | Subtotal | $ 155,720,084 | $ 161,745,581 | $ 161,660,532 | $ 162,239,112 | $ 164,062,568 | $ 161,085,575 |
| 37 | | | | | | | |
| 38 | Rate Base | $ 799,921,612 | $ 796,766,886 | $ 797,009,051 | $ 793,468,106 | $ 785,883,499 | $ 794,609,831 |

**Line Notes**

38 Line 14 + Line 28 - Line 36

**THE NARRAGANSETT ELECTRIC COMPANY**
**Rate Base - Electric Total Distribution, IFA and BITS**
**Five Quarter Average**

| Line No. | Description | (a) December 2020 | (b) March 2021 | (c) June 2021 | (d) September 2021 | (e) December 2021 | (f) 5-Quarter Average |
|---|---|---|---|---|---|---|---|
| 1 | Utility Plant in Service | $ 2,836,672,540 | $ 2,872,260,093 | $ 2,899,641,290 | $ 2,928,947,919 | $ 2,953,687,969 | $ 2,898,241,962 |
| 2 | IFA allocated Plant | 7,204,993 | 7,273,068 | 7,325,454 | 7,117,087 | 7,307,103 | 7,245,541 |
| 3 | Block Island Transmission System (BITS) Assets | 115,727,667 | 115,741,499 | 115,744,367 | 115,747,288 | 115,748,317 | 115,741,828 |
| 4 | Total Utility Plant in Service | $ 2,959,605,199 | $ 2,995,274,660 | $ 3,022,711,112 | $ 3,051,812,293 | $ 3,076,743,389 | $ 3,021,229,331 |
| 5 | | | | | | | |
| 6 | | | | | | | |
| 7 | Property Held for Future Use | $ 15,028,061 | $ 15,028,061 | $ 15,028,061 | $ 15,028,061 | $ 15,028,061 | $ 15,028,061 |
| 8 | Less: Contribution in Aid of Construction | 447,216 | 447,216 | 372,216 | 259,716 | 259,716 | 357,216 |
| 9 | Less: Accumulated Depreciation | 900,382,237 | 912,702,243 | 927,697,365 | 941,381,676 | 952,592,524 | 926,951,209 |
| 10 | Less: IFA allocated Depreciation | 1,590,588 | 1,680,097 | 1,726,645 | 1,730,940 | 1,766,326 | 1,698,919 |
| 11 | Less: Block Island Transmission System (BITS) Depreciation | 10,782,481 | 11,510,362 | 12,238,295 | 12,966,240 | 13,694,196 | 12,238,315 |
| 12 | Total Accumulated Depreciation | 912,755,305 | 925,892,702 | 941,662,305 | 956,078,856 | 968,053,046 | 940,888,443 |
| 13 | | | | | | | |
| 14 | Net Plant in Service | $ 2,061,430,739 | $ 2,083,962,803 | $ 2,095,704,652 | $ 2,110,501,782 | $ 2,123,458,688 | $ 2,095,011,733 |
| 15 | | | | | | | |
| 16 | Plus: | | | | | | |
| 17 | Materials and Supplies | $ 3,884,764 | $ 3,447,306 | $ 3,430,584 | $ 3,139,489 | $ 3,924,558 | $ 3,565,340 |
| 18 | Prepayments | 2,748,178 | 2,548,949 | 779,025 | 1,654,859 | 2,880,630 | 2,122,328 |
| 19 | Loss on Reacquired Debt | 2,188,989 | 2,142,800 | 2,096,611 | 2,068,357 | 2,049,070 | 2,109,165 |
| 20 | Cash Working Capital | 20,646,270 | 22,142,943 | 21,251,289 | 24,064,797 | 20,948,091 | 21,810,678 |
| 21 | Cash Working Capital - Commodity & Gross Receipts Tax | 43,982,259 | 48,075,148 | 48,075,148 | 48,075,148 | 48,075,148 | 47,256,570 |
| 22 | Unamortized Interest Rate Lock | 2,990,155 | 2,950,488 | 2,910,820 | 2,871,153 | 2,831,486 | 2,910,820 |
| 23 | Unamortized Debt Issuance Costs ($550M) | 1,243,829 | 1,227,641 | 1,211,452 | 1,195,263 | 1,179,075 | 1,211,452 |
| 24 | Unamortized Debt Issuance Costs ($250M 2012) | 1,181,164 | 1,167,691 | 1,154,217 | 1,140,744 | 1,127,271 | 1,154,217 |
| 25 | Unamortized Debt Issuance Costs ($350M 2018) | 1,004,950 | 971,820 | 938,689 | 905,559 | 872,429 | 938,689 |
| 26 | Unamortized Debt Issuance Costs ($600M 2020) | 1,841,629 | 1,792,300 | 1,742,971 | 1,693,641 | 1,644,312 | 1,742,971 |
| 27 | | | | | | | |
| 28 | Subtotal | $ 81,712,187 | $ 86,467,084 | $ 83,590,807 | $ 86,809,011 | $ 85,532,069 | $ 84,822,231 |
| 29 | | | | | | | |
| 30 | Less: | | | | | | |
| 31 | Accumulated Deferred Federal Income Taxes (FIT) | $ 353,185,569 | $ 362,907,362 | $ 363,905,241 | $ 363,504,884 | $ 361,200,523 | $ 360,940,716 |
| 32 | Block Island Transmission System (BITS) ADIT | 22,072,927 | 22,136,101 | 22,178,099 | 22,220,097 | 22,263,247 | 22,174,094 |
| 33 | Accumulated Deferred FIT on Loss on Reacquired Debt | 459,688 | 449,988 | 440,288 | 434,355 | 430,305 | 442,925 |
| 34 | Customer Deposits | 9,999,649 | 9,676,268 | 10,132,097 | 9,944,483 | 10,129,820 | 9,976,463 |
| 35 | | | | | | | |
| 36 | Subtotal | $ 385,717,832 | $ 395,169,719 | $ 396,655,725 | $ 396,103,818 | $ 394,023,895 | $ 393,534,198 |
| 37 | | | | | | | |
| 38 | Rate Base | $ 1,757,425,094 | $ 1,775,260,168 | $ 1,782,639,734 | $ 1,801,206,975 | $ 1,814,966,862 | $ 1,786,299,766 |

**Line Notes**

38 Line 14 + Line 28 - Line 36

Page 6 of 8

**THE NARRAGANSETT ELECTRIC COMPANY**
**Calculation of Excess Earnings for Twelve months ended December 31, 2021**
($000)

| Line | | | | | | | |
|---|---|---|---|---|---|---|---|
| 1 | Base Distribution Earnings Available for Common | $50,632 | (a) | | | | |
| 2 | | | | | | | |
| 3 | | | | | | | |
| 4 | Actual Average Common Equity | $505,266 | (a) | | | | |
| 5 | | | | | | | |
| 6 | | | | | | | Customer |
| 7 | Average Annual Return | | 10.0200% | (b) | | | Share |
| 8 | | | | | | | |
| 9 | ROE in 50%/50% Bandwith (>9.275%, <10.275%) | | 0.7450% | * | 50.00% | = | 0.3725% |
| 10 | ROE in 75%/25% Bandwith (>10.275%) | | 0.0000% | * | 75.00% | = | 0.0000% |
| 11 | | | | | | | |
| 12 | Total Customer ROE Sharing | | | | | | 0.3725% |
| 13 | Actual Average Common Equity | | | | | | $505,266 |
| 14 | | | | | | | |
| 15 | Actual Annual Customer Shared Earnings | | | | | | $1,883 |
| 16 | Tax Gross-up | | | | | | / 79.00% |
| 17 | | | | | | | |
| 18 | Annual Customer Shared Earnings - Pre-tax | | | | | | 2,384 |
| 19 | | | | | | | |
| 20 | Total Customer Shared Earnings for the twelve months ending December 31, 2021 | | | | | | $ 2,384 |

**Notes**

(a) From Page 2 of 8 Line 17 and Line 19

(b) Line 1 divided by Line 4; equals Page 2 of 8 Line 21

**The Narragansett Electric Company**
**Block Island Transmission System (BITS) Surcharge and Expenses**
**Twelve Months Ended December 31, 2021**

| | | 2021 |
|---|---|---|
| | | (a) |
| 1 | Total BITS Surcharge | $17,080,816 |
| 2 | Less: Return and Associated Income Taxes | $4,161,215 |
| 3 | Amount in BITS Surcharge to Recover Costs | $12,919,601 |
| 4 | | |
| 5 | Less: Actual Costs | |
| 6 | Depreciation & Amortization Expense | $2,911,708 |
| 7 | Municipal Tax Expense | $258,902 |
| 8 | Operation & Maintenance Expense | $225,263 |
| 9 | Administrative & General Expense | $0 |
| 10 | Total Actual Costs | $3,395,873 |
| 11 | | |
| 12 | Difference between Actual Cost and Amounts Received | $9,523,728 |

Line Notes:

3 Line 1 + Line 2

6 Depreciation expense per books CY 2021

9 Depending on the nature of the expense, some A&G expenses are recorded at project level, some of a back-office nature cannot be directly attributed to individual projects or assets. The actual A&G expense charged to BITS reflects direct project charges only.

10 Sum of Lines 6 through 9

12 Line 3 - Line 10

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

May 9, 2022
Date

**National Grid Docket No. 4770 (Rate Application) & Docket No. 4780 (PST)**
**Combined Service list updated 11/29/2021**

| Docket No. 4770 Name/Address | E-mail Distribution List | Phone |
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