

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 – Gas Earnings Sharing Mechanism
Earnings Report - Twelve Months Ended December 31, 2021**

Dear Ms. Massaro:

In accordance with Article II, Section 10 of the Amended Settlement Agreement approved by the Rhode Island Public Utilities Commission (PUC) on August 24, 2018, in the above-referenced docket as reflected in National Grid's gas tariff, RIPUC NG-Gas No. 101, Section 3, Schedule A, Sheet 10, subpart 5.0, enclosed is an electronic version¹ of the earnings report for the twelve-month period ended December 31, 2021, for the gas operations of the Company.²

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

Enclosures

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

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).

**The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 4770
Gas Earnings Sharing Mechanism**

**National Grid - RI Gas
Gas Earnings Sharing Mechanism
For the Twelve Months ended December 31, 2021**

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The Narragansett Electric Company
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RIPUC Docket No. 4770
Gas Earnings Sharing Mechanism
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National Grid - RI Gas
Gas Earnings Sharing Mechanism
For the Twelve Months ended December 31, 2021

1	Average Rate Base	\$1,129,628,469	
2	Equity Component of Rate Base	50.95%	
3	Average Common Equity	<u>\$575,545,705</u>	
4			
5	Actual Total Earnings	\$49,546,865	
6	Return on Common Equity with Incentives	8.61%	
7			
8	Less incentives:		
9	Energy Efficiency shareholder incentive	\$430,582	0.07%
10	Natural Gas Portfolio Management Plan	\$1,302,307	0.23%
11	Gas Procurement Incentive Plan	<u>\$78,027</u>	0.01%
12		<u>\$1,810,916</u>	
13			
14	Base Earnings	\$47,735,949	
15	Return on Common Equity without Incentives	<u>8.29%</u>	
16			
17	<u>Return on Equity > 9.275% and < 10.275%</u>	0.00%	
18	Earnings to be Shared	<u>\$0</u>	
19	Earnings to Customers - 50%	<u>\$0</u>	
20			
21	Return on Equity > 10.275%	0.00%	
22	Earnings to be Shared	<u>\$0</u>	
23	Earnings to Customers - 75%	<u>\$0</u>	
24			
25	Total After tax Earnings Credited to Customers	<u><u>\$0</u></u>	
26			
27	Total Earnings Credited to DAC	<u><u>\$0</u></u>	

Notes:

- 1 From Page 5 of 14 line 24(f)
- 2 From Page 4 of 14 line 8(a)
- 3 Line 1 times line 2
- 5 Line 12 plus line 14
- 6 Line 5 divided by line 3
- 9 Line 9 divided by line 3
- 10 Line 10 divided by line 3
- 11 Line 11 divided by line 3
- 14 From Page 2 of 14 line 42
- 15 Line 14 divided by line 3
- 17 Smaller of 10.275% or Line 15 minus 9.275%.
- 18 Line 3 times line 17
- 19 Line 18 times 50%
- 21 If Line 15 is greater than 10.275%
- 22 Line 3 times line 21
- 23 Line 22 times 75%
- 25 Line 19 plus line 23
- 27 Line 25 divided by 79%

National Grid - RI Gas
Income Statement
For the Twelve Months ended December 31, 2021

	<u>Income Statement</u>	<u>Adjustments</u>	<u>2021</u>
	(a)	(b)	(c)
<u>Operating Revenues</u>			
Total Firm Gas	\$415,379,460	\$5,775,576	\$421,155,036
Transportation	\$51,415,604	(\$611,321)	\$50,804,283
Other Revenues	\$10,582,049	(\$758,527)	\$9,823,522
Total Operating Revenues	\$477,377,113	\$4,405,728	\$481,782,841
<i>Adjustment to Operating Revenue:</i>			
Inventory Financing		(\$876,876)	(\$876,876)
Total Adjusted Operating Revenues	\$477,377,113	\$3,528,852	\$480,905,965
<u>Operating Expenses</u>			
Production (Gas Costs)	\$162,728,301		\$162,728,301
Storage	\$3,636,091		\$3,636,091
Transmission	\$3,665,036		\$3,665,036
Distribution	\$28,852,527		\$28,852,527
Customer Accounts	\$48,757,372	\$1,665,695	\$50,423,067
Sales	\$247,849	(\$247,849)	\$0
Administrative and General	\$52,586,569	(\$710,752)	\$51,875,817
Total Operating Expenses	\$300,473,745	\$707,094	\$301,180,839
<u>Other Expenses</u>			
Depreciation and Amortization	\$50,410,776		\$50,410,776
Local and Other Taxes	\$35,645,134		\$35,645,134
Revenue Related Taxes (Gross Earnings Tax - GET)	\$13,257,717		\$13,257,717
Federal Income Taxes @ 21%	\$9,380,477	\$1,405,566	\$10,786,043
Total Other Expenses	\$108,694,103	\$1,405,566	\$110,099,669
Income Before Interest Expense	\$68,209,265	\$1,416,192	\$69,625,457
<u>Interest Expense</u>			
Other Income/Expenses	\$645,274	(\$645,274)	\$0
Short-Term Debt	\$0	\$0	\$0
Long-Term Debt	\$1,436,565	\$22,103,593	\$23,540,158
Other Interest Expense	\$327,897	(\$307,666)	\$20,231
AFUDC	(\$1,721,715)		(\$1,721,715)
Total Interest Expense	\$688,021	\$21,150,654	\$21,838,675
Net Income / (Loss)	\$67,521,244	(\$19,734,461)	\$47,786,782
Preferred Dividends		\$50,833	\$50,833
Net Income / (Loss) Applicable to Common Equity	\$67,521,244	(\$19,785,295)	\$47,735,949

Notes:

- (a) From Company Financial Statements
- 1(b)-19(b) From Page 14 of 14
- (c) (a) + (b)
- 4 From Page 7 of 14 line 28
- 23 From Page 6 of 14 line 3 through 5
- 24 From Page 6 of 14 line 6
- 25 From Page 3 of 14 line 24
- 31 From Page 9 of 14 line 25
- 32 From Page 4 of 14 line 25(b)
- 33 From Page 4 of 14 line 17(b)
- 34 From Page 8 of 14 line 3
- 40 From Page 4 of 14 line 34(b)

**The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 4770
Gas Earnings Sharing Mechanism
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**National Grid - RI Gas
Federal Income Tax Calculation
For the Twelve Months ended December 31, 2021**

1	Operating Revenues	\$480,905,965
2		
3	Less:	
4		
5	Operating Expenses	\$301,180,839
6	Depreciation and Amortization	\$50,410,776
7	Local and Other Taxes	\$35,645,134
8	Revenue Related Taxes (GET)	\$13,257,717
9	Interest - Short-Term Debt	\$0
10	Interest - Long-Term Debt	\$23,540,158
11	Other Interest	\$20,231
12	AFUDC	<u>(\$1,721,715)</u>
13		
14	Total Deductions	<u>\$422,333,140</u>
15		
16	Taxable Income	\$58,572,825
17		
18	Federal Income Tax Rate	<u>21.00%</u>
19		
20	Imputed Federal Income Tax Expense	\$12,300,293
21		
22	Amortization of EDIT	(\$1,514,251)
23		
24	Net Federal Income Tax Expense	<u><u>\$10,786,043</u></u>

Notes:

- 1 From Page 2 of 14 line 9(c)
- 5 From Page 2 of 14 line 19(c)
- 6 From Page 2 of 14 line 22(c)
- 7 From Page 2 of 14 line 23(c)
- 8 From Page 2 of 14 line 24(c)
- 9 From Page 2 of 14 line 32(c)
- 10 From Page 2 of 14 line 33(c)
- 11 From Page 2 of 14 line 34(c)
- 12 From Page 2 of 14 line 35(c)
- 14 Sum of Line 5 through line 12
- 16 Line 1 minus line 14
- 18 Federal income Tax Rate: rate of 21%
- 20 Line 16 times Line 18
- 22 - Docket No. 4770, Excess Deferred Income Tax True-Up – Second Compliance Filing dated May 30, 2019, Second Compliance Attachment 31, Page 1
- 24 Line 20 plus Line 22

The Narragansett Electric Company
d/b/a National Grid
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Gas Earnings Sharing Mechanism
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National Grid - RI Gas
Applicable Capital Structure, Interest Expense and Preferred Dividends
For the Twelve Months ended December 31, 2021

	%	\$
	(a)	(b)
1 Rate Base		\$1,129,628,469
2		
3 Capital Structure		
4	<u>Docket 4770</u>	
5 Short-Term Debt	0.60%	\$6,777,771
6 Long-Term Debt	48.35%	\$546,175,365
7 Preferred Stock	0.10%	\$1,129,628
8 Common Equity	50.95%	\$575,545,705
9	<u>100.00%</u>	<u>\$1,129,628,469</u>
10 Interest Expense		
11		
12		
13 Long-Term Debt Portion	48.35%	\$546,175,365
14		
15 Cost of Long-Term Debt December 2021		4.31%
16		
17 Proforma Long-Term Debt Interest		<u>\$23,540,158</u>
18		
19		
20		
21 Short-Term Debt Portion	0.60%	\$6,777,771
22		
23 Cost of Short-Term Debt December 2021		0.00%
24		
25 Proforma Short-Term Debt Interest		<u>\$0</u>
26		
27 Preferred Dividends		
28		
29		
30 Preferred Stock Portion	0.10%	\$1,129,628
31		
32 Cost of Preferred Stock		4.50%
33		
34 Proforma Preferred Stock		<u>\$50,833</u>

Notes:

- 1(b) From Page 5 of 14 line 24(f)
- 5(a)-8(a) Docket 4770 Compliance Filing dated August 16, 2018, Compliance Filing Attachment 2, Schedule 1-GAS, Page 4
- 5(b)-8(b) Line 1(b) times line 5(a) through line 8(a)
- 13 Line 1(b) times line 13(a)
- 15 From Page 10 of 14 line 13(g)
- 17 Line 13(b) times line 15(b)
- 21 Line 1(b) times line 21(a)
- 23 From Page 11 of 14 line 14(b)
- 25 Line 21(b) times line 23(b)
- 30 Line 1(b) times line 30(a)
- 32 Docket 4770 Compliance Filing dated August 16, 2018, Compliance Attachment 2, Schedule 1-GAS, Page 4, Line 5
- 34 Line 30(b) times line 32(b)

**National Grid - RI Gas
Rate Base
For the Twelve Months ended December 31, 2021**

		December 2020 (a)	March 2021 (b)	June 2021 (c)	September 2021 (d)	December 2021 (e)	5 Quarter Average December 2021 (f)
1	Gas Plant In Service	\$1,592,176,337	\$1,633,212,264	\$1,675,285,604	\$1,746,572,258	\$1,791,694,480	\$1,687,788,189
2	CWIP	\$72,357,430	\$60,761,591	\$60,897,614	\$49,229,187	\$49,868,530	\$58,622,870
3	Less: Accumulated Depreciation	\$447,577,999	\$456,250,810	\$463,739,094	\$480,128,579	\$488,824,957	\$467,304,288
4	Less: Contribution in Aid of Construction	\$38	\$38	\$38	\$38	\$38	\$38
5							
6	Net Plant	\$1,216,955,730	\$1,237,723,007	\$1,272,444,086	\$1,315,672,829	\$1,352,738,015	\$1,279,106,733
7							
8	Materials and Supplies	\$4,227,699	\$5,013,105	\$5,293,712	\$4,997,297	\$5,269,630	\$4,960,289
9	Prepaid Expenses, Excluding Taxes	\$1,224,446	\$812,215	\$182,822	\$357,251	\$1,067,660	\$728,879
10	Deferred Debits	\$834,549	\$728,004	\$621,459	\$514,914	\$408,369	\$621,459
11	Unamortized debt expense and Interest Rate Lock	\$2,723,530	\$2,666,471	\$2,609,413	\$2,552,354	\$2,495,296	\$2,609,413
12	Cash Working Capital	\$29,081,967	\$31,603,432	\$31,603,432	\$31,603,432	\$31,603,432	\$31,099,139
13							
14	Subtotal	\$38,092,191	\$40,823,228	\$40,310,839	\$40,025,249	\$40,844,388	\$40,019,179
15							
16	Accumulated Deferred FIT	\$119,314,303	\$123,514,138	\$124,224,265	\$124,200,159	\$122,194,717	\$122,689,517
17	Excess Deferred Tax	\$58,852,072	\$55,165,607	\$55,165,607	\$55,165,607	\$55,558,252	\$55,981,429
18	Excess Deferred Tax Amortization	(\$3,533,252)	(\$3,911,814)	(\$4,290,377)	(\$4,668,940)	(\$5,047,502)	(\$4,290,377)
19	Hold Harmless	\$14,617,129	\$13,946,383	\$13,275,638	\$12,604,892	\$11,934,147	\$13,275,638
20	Customer Deposits	\$1,884,503	\$1,842,678	\$1,825,569	\$1,823,841	\$1,829,591	\$1,841,236
21							
22	Subtotal	\$191,134,755	\$190,556,992	\$190,200,702	\$189,125,559	\$186,469,206	\$189,497,443
23							
24	Rate Base	\$1,063,913,166	\$1,087,989,243	\$1,122,554,223	\$1,166,572,518	\$1,207,113,197	\$1,129,628,469

Notes:

- 1(a)-4(e) From Company Financial Statements
- 1(f)-4(f) Average of Column (a) through Column (e)
- 6(a)-6(e) Line 1 + Line 2 - Line 3 - Line 4
- 6(f) Average of Column (a) through Column (e)
- 8(a)-11(e) From Company Financial Statements
- 8(f)-11(f) Average of Column (a) through Column (e)
- 12(b)-12(e) From Page 6 of 14 Line 13
- 14 Sum of Line 8 through Line 12
- 16(a)-21(e) From Company Financial Statements
- 16(f)-21(f) Average of Column (a) through Column (e)
- 17 Excess Deferred Tax for change in tax rate from 35% to 21%, adjusted for IRS audit findings
- 18 Per Docket No. 4770, Excess Deferred Income Tax True-Up – Second Compliance Filing dated May 30, 2019, Second Compliance Attachment 31, Page 1
- 19 Hold Harmless rate base credit per Docket No. 3859
- 22 Sum of Line 16 through Line 20
- 24 Line 6 + Line 14 - Line 22

**The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 4770
Gas Earnings Sharing Mechanism
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**National Grid - RI Gas
Cash Working Capital Calculation
For the Twelve Months ended December 31, 2021**

1	Gas Costs	\$162,728,301
2	Operating Expenses	\$138,452,538
3	Payroll Taxes	\$3,086,035
4	Property Taxes	\$32,554,123
5	State Taxes Other	\$4,975
6	Revenue Related Taxes (GET)	\$13,257,717
7	Total	<u>\$350,083,690</u>
8		
9	Daily Cash Requirement	\$959,133
10		
11	Net Lag Days	32.95
12		
13	Total Working Capital	<u><u>\$31,603,432</u></u>

Notes:

- 1 From Page 2 of 14 line 12(c)
- 2 From Page 2 of 14 line 13(c) through 18(c)
- 3-5 From Page 2 of 14 line 23(c)
- 6 From Page 2 of 14 line 24(c)
- 7 Sum of Line 1 through Line 6
- 9 Line 7 divided by 365 days
- 11 Per Docket No. 4770, Compliance Filing dated August 16, 2018,
Compliance Attachment 2, Schedule 42,
(Page 3 of 29, Line 18 - Page 2 of 29, Line 1)
- 13 Line 9 times line 11

National Grid - RI Gas
Detail Other Revenue/(Expense)
For the Twelve Months ended December 31, 2021

	<u>Income Statement</u>	<u>Adjustments</u>	<u>2021</u>
	(a)	(b)	(c)
1 Rent from Gas Property	\$2,088,862		\$2,088,862
2			
3 Other Revenue	(\$2,528,230)		(\$2,528,230)
4			
5 Excess Sharing	(\$10,240,991)	\$10,240,991	\$0
6			
7 RDM Revenue	\$4,702,743		\$4,702,743
8 Unbilled RDM Revenue		(\$1,536,764)	(\$1,536,764)
9 Energy Efficiency Shareholder Incentives		(\$430,582)	(\$430,582)
10			
11 Other Revenue - Off System Gas Sales	\$11,672,778	(\$11,672,778)	\$0
12			
13 Other Gas Rev Contract Sharing	(\$129,481)	\$129,481	\$0
14			
15 Other Deferred Revenue	\$7,598,927	(\$2,884,735)	\$4,714,192
16 LIHEAP Revenue		\$2,884,735	\$2,884,735
17			
18 DAC Revenue	(\$2,573,466)		(\$2,573,466)
19 Unbilled DAC Revenue		\$2,496,262	\$2,496,262
20			
21 Recovery of Supervision & Administrative Costs	\$6,027		\$6,027
22			
23 Misc Revenue	(\$15,120)	\$15,120	\$0
24			
26 Interest on Customer Arrears		(\$255)	(\$255)
27			
28 Total Other Revenue	<u>\$10,582,049</u>	<u>(\$758,527)</u>	<u>\$9,823,522</u>

Notes:

- (a) From Company Financial Statements
- (b) From Page 14 of 14
- (c) (a) + (b)

National Grid - RI Gas
Detail Other Interest Expense
For the Twelve Months ended December 31, 2021

	<u>Income Statement</u>	<u>Adjustments</u>	<u>2021</u>
	(a)	(b)	(c)
1 Interest on Customer Deposits	\$327,897	(\$307,666)	\$20,231
2			
3 Total Other Interest Expense	<u>\$327,897</u>	<u>(\$307,666)</u>	<u>\$20,231</u>

Notes:

- (a) From Company Financial Statements
- (b) (c) - (a)
- (c) Interest on Customer Deposits

**National Grid - RI Gas
Detail Non-Operating Income / (Expense)
For the Twelve Months ended December 31, 2021**

	<u>Income Statement</u>	<u>Adjustments</u>	<u>2021</u>
	(a)	(b)	(c)
1 Donations	(\$334,977)		(\$334,977)
2			
3 Deferred Compensation - Life Insurance	(\$490)		(\$490)
4			
5 Penalties	\$219,967		\$219,967
6			
7 Lobbying / Legal and Political Expense	(\$137,954)		(\$137,954)
8			
9 Federal Income Taxes on Non-Operating Income	\$0		\$0
10			
11 Revenue from Non-Utility Operations	\$84,825		\$84,825
12 Expenses of Non-Utility Operations	(\$573,612)	\$573,612	\$0
13 Share Awards		(\$573,612)	(\$573,612)
14			
15 Interest on Over / (Under) Collections, primarily Deferred Gas Costs	\$2,012,633		\$2,012,633
16 CSS Revenue - Customer Arrears		\$255	\$255
17			
18 Misc Non-Operating Income	\$173,426		\$173,426
19 Miscellaneous Service Revenues		(\$15,120)	(\$15,120)
20			
21 Other Deductions	(\$2,089,091)		(\$2,089,091)
22			
23 Zero out Non-Operating Income / (Expense)	<u> </u>	<u>\$660,138</u>	<u>\$660,138</u>
24			
25 Total Non-Operating Income/(Expense)	<u><u>(\$645,274)</u></u>	<u><u>\$645,274</u></u>	<u><u>\$0</u></u>

Notes:

- (a) From Company Financial Statements
- 16(b) Reclass Interest on Customer Arrears to Other Revenue on Page 7 of 14, line 26(b)
- 19(b) Reclass Miscellaneous Service Revenues from Other Revenue on Page 7 of 14, line 23(b)
- 23(b) (Sum of Lines 1(a) through 21(b)) * -1
- (c) (a) + (b)

check \$0

National Grid - RI Gas
Calculation of Average Long-Term Debt Interest Rate
For the Twelve Months ended December 31, 2021

	Series	Percent	Due	Amount	Annual Interest	Annual Amortization of DD&E	Total Expense	Cost of Debt
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	<u>Senior Unsecured Notes</u>							
2	Senior Notes	5.638%	15-Mar-2040	\$300,000,000	\$17,115,588	\$82,255	\$17,197,843	5.73%
3	Senior Notes	4.170%	10-Dec-2042	\$250,000,000	\$10,425,000	\$68,396	\$10,493,396	4.20%
4	Senior Notes	3.919%	1-Aug-2028	\$350,000,000	\$13,716,500	\$188,787	\$13,905,287	3.97%
5	Senior Notes	3.395%	9-Apr-2030	\$600,000,000	\$20,370,000	\$283,778	\$20,653,778	3.44%
6	<u>First Mortgage Bonds (*)</u>							
7	Providence Gas FMB O	8.460%	30-Sep-2022	\$12,500,000	\$1,057,500	\$4,311	\$1,061,811	8.49%
8	FMB Series P	8.090%	30-Sep-2022	\$1,093,745	\$88,484	\$3,449	\$91,933	8.41%
9	FMB Series R	7.500%	15-Dec-2025	\$3,716,667	\$278,750	\$4,071	\$282,821	7.61%
10								8.30%
11	Total			\$1,517,310,412	\$63,051,822	\$635,047	\$63,686,869	4.20%
12	Electric Operations	70.00%		\$1,062,117,288	\$43,636,797	\$441,286	\$44,078,083	4.15%
13	Gas Operations	30.00%		\$455,193,124	\$19,415,025	\$193,761	\$19,608,786	4.31%
14	Legacy Debt			\$17,310,412	\$1,424,734	\$11,831	\$1,436,565	8.30%
15	New Debt			\$437,882,712	\$17,990,291	\$181,930	\$18,172,221	4.15%
16								
17	Total			\$1,517,310,412	\$63,051,822	\$635,047	\$63,686,869	4.20%

Notes:

- 1-10 From Financial Statements
- 11 Sum of Lines 1-10
- 12(c) Line 11 * Line 12(a)
- 12(d) Sum of Lines 2(d) through 5(d) * Line 12(a) / Sum of Lines 2(c) through 5(c)
- 12(e) Sum of Lines 2(e) through 5(e) * Line 12(a) / Sum of Lines 2(c) through 5(c)
- 13(c)-13(e) Line 14 + Line 15
- 14(c)-14(e) Sum of Lines 7 through 9
- 15(c)-15(e) Sum of Lines 2 through 5, - Line 12
- (f) (d) + (e)
- (g) (f) / (c)

1(c)-10(c) *Average amounts represent The Narragansett Electric Company consolidated amounts as the Gas division is not a legal entity.

National Grid - RI Gas
Calculation of Average Short-Term Debt Interest Rate
For the Twelve Months ended December 31, 2021

		(a) Average Short-Term <u>Debt Balance</u>	(b) Weighted <u>Cost Rate</u>	(c) Short-Term <u>Interest Expense</u>
	<u>Month</u>			
1	Jan-21	\$0	2.18%	\$0
2	Feb-21	\$0	2.01%	\$0
3	Mar-21	\$0	1.97%	\$0
4	Apr-21	\$0	2.36%	\$0
5	May-21	\$0	1.85%	\$0
6	Jun-21	\$0	1.03%	\$0
7	Jul-21	\$0	0.37%	\$0
8	Aug-21	\$0	0.25%	\$0
9	Sep-21	\$0	0.18%	\$0
10	Oct-21	\$0	0.47%	\$0
11	Nov-21	\$0	0.18%	\$0
12	Dec-21	\$0	0.20%	\$0
13				
14	Average	<u>\$0</u>	<u>0.00%</u>	<u>\$0</u>

Notes:

- Average amounts represent The Narragansett Electric Company consolidated
 1(a)-12(a) amounts as the Gas division is not a legal entity and participates in the National
 Grid money pool as a division of The Narragansett Electric Company.
 14(b) Line 14 (c) divided by Line 14 (a)

National Grid - RI Gas
Merger Hold Harmless Rate Base Credit
For the Twelve Months ended December 31, 2021

THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
RIPUC Docket No. 4770
Schedule MAL-11-GAS
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The Narragansett Electric Company d/b/a National Grid
Merger Hold Harmless Rate Base Credit Adjustments To Rate Base
Test Year Ending June 31, 2017 through Rate Year 1 Ending August 31, 2019

Description	Period (a)	Monthly Expense (b)	Merger Hold Harmless Rate Base Credit (c)
Balance at June 30, 2017			\$21,532,971
Subsequent 2 months			(\$253,030)
Balance at August 31, 2017			\$21,279,942
Increase/(Decrease) 12 Months Ended	08/31/18		(\$1,674,988.40)
Balance at August 31, 2018			\$19,604,953
	09/30/18	(\$146,116)	\$19,458,837
	10/31/18	(\$146,116)	\$19,312,721
	11/30/18	(\$146,116)	\$19,166,605
	12/31/18	(\$146,116)	\$19,020,489
	01/31/19	(\$167,950)	\$18,852,539
	02/28/19	(\$167,950)	\$18,684,590
	03/31/19	(\$167,950)	\$18,516,640
	04/30/19	(\$167,950)	\$18,348,691
	05/31/19	(\$167,950)	\$18,180,741
	06/30/19	(\$167,950)	\$18,012,792
	07/31/19	(\$167,950)	\$17,844,842
Balance at August 31, 2019	08/31/19	(\$167,950)	\$17,676,893
Rate Year 1 Merger Hold Harmless - 5 Quarter Average			\$18,662,756

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The Narragansett Electric Company d/b/a National Grid
Merger Hold Harmless Rate Base Credit Adjustments To Rate Base
Rate Year 1 Ending August 31, 2019 through Data Year 2 Ending August 31, 2021

Description	Period (a)	Monthly Expense (b)	Merger Hold Harmless Rate Base Credit (c)
Balance at August 31, 2019			\$17,676,893
	09/30/19	(\$167,950)	\$17,508,943
	10/31/19	(\$167,950)	\$17,340,994
	11/30/19	(\$167,950)	\$17,173,044
	12/31/19	(\$167,950)	\$17,005,095
	01/31/20	(\$198,997)	\$16,806,098
	02/29/20	(\$198,997)	\$16,607,100
	03/31/20	(\$198,997)	\$16,408,103
	04/30/20	(\$198,997)	\$16,209,106
	05/31/20	(\$198,997)	\$16,010,109
	06/30/20	(\$198,997)	\$15,811,112
	07/31/20	(\$198,997)	\$15,612,115
Balance at August 31, 2020	08/31/20	(\$198,997)	\$15,413,118
Rate Year 2 Merger Hold Harmless - 5 Quarter Average			\$16,576,033
Balance at August 31, 2020			\$15,413,118
	09/30/20	(\$198,997)	\$15,214,120
	10/31/20	(\$198,997)	\$15,015,123
	11/30/20	(\$198,997)	\$14,816,126
	12/31/20	(\$198,997)	\$14,617,129
	01/31/21	(\$223,582)	\$14,393,547
	02/28/21	(\$223,582)	\$14,169,965
	03/31/21	(\$223,582)	\$13,946,383
	04/30/21	(\$223,582)	\$13,722,802
	05/31/21	(\$223,582)	\$13,499,220
	06/30/21	(\$223,582)	\$13,275,638
	07/31/21	(\$223,582)	\$13,052,056
Balance at August 31, 2021	08/31/21	(\$223,582)	\$12,828,474
Rate Year 3 Merger Hold Harmless - 5 Quarter Average			\$14,145,381

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 4770
Gas Earnings Sharing Mechanism
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Schedule DJE-2
 Revised

NATIONAL GRID
 MERGER ADJUSTMENT TO ADIT
 Projected Deferred Tax Schedule
 (\$000)

<u>As of</u> <u>31-Dec</u>	<u>Southern</u> <u>Union</u> <u>ADIT</u>	<u>National</u> <u>Grid</u> <u>ADIT</u>	<u>Difference</u>	<u>Southern</u> <u>Union</u> <u>ADITC</u>	<u>ADIT</u> <u>Merger</u> <u>Adjustment</u>
2006	\$34,845	\$214	\$34,631	\$1,133	\$35,764
2007	\$33,908	\$1,238	\$32,670	\$928	\$33,598
2008	\$32,170	\$2,073	\$30,097	\$724	\$30,821
2009	\$30,086	\$1,859	\$28,227	\$519	\$28,746
2010	\$29,473	\$2,238	\$27,235	\$315	\$27,549
2011	\$29,632	\$3,184	\$26,448	\$110	\$26,558
2012	\$29,583	\$3,760	\$25,823		\$25,823
2013	\$29,515	\$4,286	\$25,229		\$25,229
2014	\$29,199	\$4,628	\$24,572		\$24,572
2015	\$29,095	\$5,530	\$23,566		\$23,566
2016	\$28,823	\$6,531	\$22,292		\$22,292
2017	\$28,342	\$7,568	\$20,774		\$20,774
2018	\$27,627	\$8,606	\$19,020		\$19,020
2019	\$26,847	\$9,842	\$17,005		\$17,005
2020	\$25,922	\$11,305	\$14,617		\$14,617
2021	\$24,732	\$12,797	\$11,934		\$11,934
2022	\$23,374	\$14,311	\$9,064		\$9,064

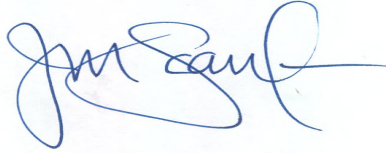
National Grid - RI Gas
Reconciliation of Gas Earnings Sharing Mechanism to Annual Report
For the Twelve Months ended December 31, 2021

1	<u>Operating Revenues</u>	
2	Gas Operating Revenues shown on Page 301, Line 1(f) of the Annual Report	\$415,379,461
3	1 Unbilled Revenue Net Margin	(\$323,985)
4	2 Unbilled Energy Efficiency	(\$658,585)
5	3 Property Tax Deferral Adjustment	\$6,758,146
6	Gas Earnings Sharing Mechanism, Page 2, Total Firm Gas Revenues	\$421,155,037
7		
8	Revenues from Transportation shown on Page 301, Line 7(f) of the Annual Report	\$51,415,604
9	1 Unbilled Transportation	(\$611,321)
10	Gas Earnings Sharing Mechanism, Page 2, Transportation Revenues	\$50,804,283
11		
12	Forfeited Discounts shown on Page 301, Line 3(f) of the Annual Report	\$0
13	Miscellaneous Service Revenues shown on Page 301, Line 4(f) of the Annual Report	(\$15,120)
14	Rent from Gas Property shown on Page 301, Line 12(f) of the Annual Report	\$2,088,862
15	Other Gas Revenues shown on Page 301, Line 14(f) of the Annual Report	\$8,508,307
16	1 Unbilled RDM	(\$1,536,764)
17	2 Unbilled DAC	\$2,496,262
18	3 Off System Gas Sales	(\$11,672,778)
19	4 Contract Sharing	\$129,481
20	5 Excess Sharing	\$10,240,991
21	6 Energy Efficiency Incentives	(\$430,582)
22	7 Miscellaneous Service Revenues	\$15,120
23	8 CSS Revenue - Customer Arrears	(\$255)
24	Gas Earnings Sharing Mechanism, Page 2, Other Revenues	9,823,522
25		
26	Inventory Financing	(\$876,876)
27		
28		
29	<u>Operating Expenses</u>	
30	Production expenses shown on Page 320 of the Annual Report	\$162,728,301
31	Gas Earnings Sharing Mechanism, Page 2, Production (Gas Costs)	\$162,728,301
32		
33	Natural Gas Storage expenses shown on Page 322 of the Annual Report	\$3,636,093
34	Gas Earnings Sharing Mechanism, Page 2, Storage	\$3,636,093
35		
36	Transmission expenses shown on Page 323 of the Annual Report	\$3,665,036
37	Gas Earnings Sharing Mechanism, Page 2, Transmission	\$3,665,036
38		
39	Distribution expenses shown on Page 324 of the Annual Report	\$28,852,529
40	Gas Earnings Sharing Mechanism, Page 2, Distribution	\$28,852,529
41		
42	Customer Accounts expenses shown on Pages 324-325 of the Annual Report	\$12,410,926
43	Customer Service & Information expenses shown on Pages 325 of the Annual Report	\$36,346,445
44	1 Zero out Uncollectible Accounts per books	(\$4,978,756)
45	2 Add Bad Debt Charge-Offs	\$6,644,451
46	Gas Earnings Sharing Mechanism, Page 2, Customer Accounts	\$50,423,066
47		
48	Sales expenses shown on Page 325 of the Annual Report	\$247,847
49	1 Remove Sales expenses	(\$247,847)
50	Gas Earnings Sharing Mechanism, Page 2, Sales	\$0
51		
52	Administrative and General expenses shown on Page 325 of the Annual Report	\$52,586,566
53	1 Exclude Executive Variable Compensation not charged to customers	(\$298,359)
54	2 Service Company excess deferred federal income taxes per Docket No. 4770 Excess	(\$39,878)
55	Deferred Income Tax True-Up – Second Compliance Filing dated May 30, 2019,	
56	Second Compliance Attachment 31, Page 1	
57	3 Service Company Rents Adjustment	(\$372,515)
58	Gas Earnings Sharing Mechanism, Page 2, Administrative and General	\$51,875,814

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
National Grid Jennifer Hutchinson, Esq. Celia O'Brien, Esq. National Grid 280 Melrose St. Providence, RI 02907 Electric Transportation: Bonnie Crowley Raffetto, Esq. Nancy Israel, Esq. National Grid 40 Sylvan Road Waltham, MA 02451	Jennifer.hutchinson@nationalgrid.com ;	781-907-2153 401-784-7288
	Andrew.marcaccio@nationalgrid.com ;	
	Celia.obrien@nationalgrid.com ;	
	Najat.coye@nationalgrid.com ;	
	Joanne.scanlon@nationalgrid.com ;	
	Bill.Malee@nationalgrid.com ;	
	Theresa.burns@nationalgrid.com ;	
	Ann.leary@nationalgrid.com ;	
	Scott.mccabe@nationalgrid.com ;	
	kate.grant2@nationalgrid.com ;	
	Timothy.roughan@nationalgrid.com ;	
	Jason.Small@nationalgrid.com ;	
	bonnie.raffetto@nationalgrid.com ;	
	nancy.israel@nationalgrid.com ;	
Adam Ramos, Esq. Hinckley Allen 100 Westminster Street, Suite 1500 Providence, RI 02903-2319	aramos@hinckleyallen.com ;	401-457-5164
John Habib, Esq. Keegan Werlin LLP 99 High Street, Suite 2900 Boston, MA 02110	jhabib@keeganwerlin.com ;	617-951-1400
Division of Public Utilities (Division) Leo Wold, Esq. Christy Hetherington, Esq. Division of Public Utilities and Carriers	Leo.Wold@dpuc.ri.gov ;	401-780-2140
	Christy.Hetherington@dpuc.ri.gov ;	
	Margaret.L.Hogan@dpuc.ri.gov ;	

89 Jefferson Blvd. Warwick, RI 02888	John.bell@dpuc.ri.gov ;	
	Linda.George@dpuc.ri.gov ;	
	Al.mancini@dpuc.ri.gov ;	
	Thomas.kogut@dpuc.ri.gov ;	
Tim Woolf Jennifer Kallay Synapse Energy Economics 22 Pearl Street Cambridge, MA 02139	twoolf@synapse-energy.com ;	617-661-3248
	jkallay@synapse-energy.com ;	
	mwhited@synapse-energy.com ;	
David Effron Berkshire Consulting 12 Pond Path North Hampton, NH 03862-2243	Djeffron@aol.com ;	603-964-6526
Gregory L. Booth, PLLC 14460 Falls of Neuse Rd. Suite 149-110 Raleigh, N. C. 27614 Linda Kushner L. Kushner Consulting, LLC 514 Daniels St. #254 Raleigh, NC 27605	gboothpe@gmail.com ;	919-441-6440
		919-810-1616
Office of Energy Resources (OER) Albert Vitali, Esq. Dept. of Administration Division of Legal Services One Capitol Hill, 4 th Floor Providence, RI 02908	Albert.Vitali@doa.ri.gov ;	401-222-8880
	nancy.russolino@doa.ri.gov ;	
	Christopher.Kearns@energy.ri.gov ;	
	Nicholas.Ucci@energy.ri.gov ;	
	Carrie.Gill@energy.ri.gov ;	
Conservation Law Foundation (CLF) Max Greene, Esq. Conservation Law Foundation 235 Promenade Street Suite 560, Mailbox 28 Providence, RI 02908		401-228-1904
	mgreene@clf.org ;	
Dept. of Navy (DON) Kelsey A. Harrer, Esq. Office of Counsel NAVFAC Atlantic, Department of the Navy 6506 Hampton Blvd. Norfolk, VA 23508-1278	kelsey.a.harrer@navy.mil ;	757-322-4119
Kay Davoodi, Director Larry R. Allen, Public Utilities Specialist	khojasteh.davoodi@navy.mil ;	

Utilities Rates and Studies Office NAVFAC HQ, Department of the Navy 1322 Patterson Avenue SE Suite 1000 Washington Navy Yard, D.C. 20374	larry.r.allen@navy.mil ;	
Ali Al-Jabir Maurice Brubaker Brubaker and Associates	aaljabir@consultbai.com ;	
New Energy Rhode Island (NERI) Seth H. Handy, Esq. Handy Law, LLC 42 Weybosset St. Providence, RI 02903 The RI League of Cities and Towns c/o Jordan Day and Jennifer Slatterly PRISM & WCRPC c/o Jeff Broadhead, Executive Director Newport Solar c/o Doug Sabetti Green Development, LLC c/o Hannah Morini Clean Economy Development, LLC c/o Julian Dash ISM Solar Development, LLC c/o Michael Lucini Heartwood Group, Inc. c/o Fred Unger	seth@handylawllc.com ;	401-626-4839
	helen@handylawllc.com ;	
	jday@rileague.org ;	401 272-3434
	jslattery@rileague.org ;	
	jb@wcrpc.org ;	401-792-9900
	doug@newportsolarri.com ;	401.787.5682
	hm@green-ri.com ;	
	jdash@cleaneconomydevelopment.com ;	
	mlucini@ismgroup.com ;	401.435.7900
	unger@hrtwd.com ;	401.861.1650
Energy Consumers Alliance of NE James Rhodes Rhodes Consulting 860 West Shore Rd. Warwick, RI 02889 Larry Chretien, PPL	jamie.rhodes@gmail.com ;	401-225-3441
	larry@massenergy.org ;	

Acadia Center Amy Boyd, Esq. Acadia Center 31 Milk St., Suite 501 Boston MA 02109-5128	aboyd@acadiacenter.org ;	
Hank Webster Policy Advocate & Staff Attorney Acadia Center 144 Westminster Street, Suite 203 Providence, RI 02903-2216	hwebster@acadiacenter.org ;	
Northeast Clean Energy Council Jeremy McDiarmid, NECEC Dan Bosley, NECEC Sean Burke	jmcdiarmid@necec.org ;	401-724-3600
	dbosley@necec.org ;	
	sburke@necec.org ;	
The George Wiley Center Jennifer Wood Rhode Island Center for Justice 1 Empire Plaza, Suite 410 Providence, RI 02903 Camilo Viveiros, Wiley Center	jwood@centerforjustice.org ; georgewileycenterri@gmail.com ; Camiloviveiros@gmail.com ; chloechassaing@hotmail.com ;	401-491-1101
Wal-Mart Stores East & Sam's East, Inc. Melissa M. Horne, Esq. Higgins, Cavanagh & Cooney, LLC 10 Dorrance St., Suite 400 Providence, RI 02903	mhorne@hcc-law.com ;	401-272-3500
Gregory W. Tillman, Sr. Mgr./ERA Walmart	Greg.tillman@walmart.com ;	479-204-1594
AMTRAK Clint D. Watts, Esq. Paul E. Dwyer, Esq. McElroy, Deutsch, Mulvaney & Carpenter 10 Dorrance St., Suite 700	CWatts@mdmc-law.com ; PDwyer@mdmc-law.com ; BWeishaar@mcneeslaw.com ;	401-519-3848

Providence, RI 02903 Robert A. Weishaar, Jr., Esq. Kenneth R. Stark, Esq.	KStark@mcneeslaw.com ;	
Original & 9 copies file w/: Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	Luly.massaro@puc.ri.gov ;	401-780-2107
	Cynthia.WilsonFrias@puc.ri.gov ;	
	Alan.nault@puc.ri.gov ;	
	Todd.bianco@puc.ri.gov ;	
	Emma.rodvien@puc.ri.gov ;	
	John.harrington@puc.ri.gov ;	
DOCKET NO. 4780		
ChargePoint, Inc. Edward D. Pare, Jr., Esq. Brown Rudnick LLP One Financial Center Boston, MA 02111 Anne Smart, Charge Point, Inc.	EPare@brownrudnick.com ;	617-856-8338
	Anne.Smart@chargepoint.com ;	
	Kevin.Miller@chargepoint.com ;	
Direct Energy Craig R. Waksler, Esq. Eckert Seamans Cherin & Mellott, LLC Two International Place, 16 th Floor Boston, MA 02110 Marc Hanks, Sr. Mgr./GRA Direct Energy Services,	cwaksler@eckertseamans.com ;	617-342-6800
	dclearfield@eckertseamans.com ;	413-642-3575
	Marc.hanks@directenergy.com ;	
INTERESTED PERSONS		
EERMC Marisa Desautel, Esq	marisa@desautelesq.com ;	401-477-0023
	guerard@optenergy.com ;	
Hank Webster Policy Advocate & Staff Attorney Acadia Center 144 Westminster Street, Suite 203 Providence, RI 02903-2216	hwebster@acadiacenter.org ;	
Frank Epps, EDP	Frank@edp-energy.com ;	
Matt Davey	mdavey@ssni.com ;	
Nathan Phelps	nathan@votesolar.org ;	
Radina Valova, Pace Energy & Climate Ctr.	rvalova@law.pace.edu ;	
Lisa Fontanella	Lisa.Fontanella@spglobal.com ;	
Janet Gail Besser, SEPA (Smart Electric Power Alliance)	jbesser@sepapower.org ;	
Frank Lacey, EAC Power	frank@eacpower.com ;	

PPL Electric Utilities Ronald Reybitz Stephen Breininger	rjreybitz@pplweb.com ;	
	skbreininger@pplweb.com ;	