280 Melrose Street Providence, RI 02907 Phone 401-784-4263



January 31, 2024

VIA ELECTRONIC MAIL

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

RE: Docket No. 23-48-EL – The Narragansett Electric Company d/b/a Rhode Island Energy's Proposed FY 2025 Electric Infrastructure, Safety, and Reliability Plan Correction to the Company's Response to PUC 2-3

Dear Ms. Massaro:

On behalf of The Narragansett Electric Company d/b/a Rhode Island Energy (the "Company"), enclosed is the Company's <u>corrected</u> response to PUC 2-3 which was issued as part of the Public Utilities Commission's Second Set of Data Requests in the above-referenced matter. The enclosed response includes a corrected Attachment PUC 2-3. The main body of the response to PUC 2-3 has not changed since the initial filing.

On January 19, 2024, the Company filed its initial response to PUC 2-3. In that response, the Company indicated that it made a correction to Section 5, Attachment 3 for the Advanced Metering Functionality ("AMF") capital revenue requirement and that Attachment PUC 2-3 reflected that correction to the AMF revenue requirement. However, the Company inadvertently attached the wrong version of Attachment PUC 2-3. The enclosed response includes the correct version of Attachment PUC 2-3. Please note that the AMF revenue requirement adjustments are reflected on Page 4 of 10 of Attachment PUC 2-3. The inputs that changed are highlighted and those inputs flowed through to the total number found on Page 1.

Thank you for your attention to this transmittal. If you have any questions or concerns, please do not hesitate to contact me at 401-784-4263.

Sincerely,

Cond m

Andrew S. Marcaccio

Enclosures

cc: Docket No. 23-48-EL Service List

<u>PUC 2-3 (with Corrected Attachment PUC 2-3)</u> Advanced Metering Functionality Revenue Requirement

Request:

Refer to Docket 22-49-EL and the response to PUC 7-10. Page 5 of Attachment 7-10-1, line 36 calculates a revenue requirement of \$3.7 million for FY 2023 based on capital investments assumed to be placed in service of over \$67 million. However, in Attachment 3 of Section 5 of the ISR filing, the schedules appear to calculate a revenue requirement of \$4.6 million (exclusive of MDMS) based on investments placed into service of the lower amount of approximately \$55 million. Please explain why the revenue requirement associated with \$55 million is nearly \$1 million higher than the revenue requirement that was calculated based on the materially higher capital investment amount of \$67 million.

Response:

Please note that in preparing this response, the Company realized that in Section 5, Attachment 3, Page 4 of 10, Line 9 of the ISR filing, there was an inadvertent error in the annual book depreciation percentage for network investments. The percentage used was 14.29% but should have been 5%. This results in a revised forecasted AMF capital revenue requirement of \$4.36 million on the \$55 million of capital investments (not including MDMS). This does not result in a change to the net AMF capital investment revenue requirement of zero presented on Page 1, Line 8. The Company is providing the revised Section 5, Attachment 3 for the AMF capital revenue requirement as Attachment PUC 2-3 to this response.

The revised FY 25 capital revenue requirement on Attachment PUC 2-3, Page 1 is approximately \$0.65 million higher than the FY 25 revenue requirement in Docket No. 22-49-EL, Attachment 7-10-1, Page 5. In responding to data request PUC 7-10 in Docket No. 22-49-EL, the Company calculated an illustrative revenue requirement applying the composite book depreciation rate of 3.16% and the federal tax rates to all AMF capital investments that it applies to other ISR capital investments. In preparing the revenue requirement for this ISR filing shown in Section 3, Attachment 5 and the revised revenue requirement on Attachment PUC 2-3, the Company did not apply the composite book depreciation rate to AMF capital investments because the composite book depreciation rate did not include all capital investments such as software. Rather, the Company calculated a separate revenue requirement for each investment category of meters, software and network and applied the respective book depreciation rates that were approved in the last base distribution rate case in Docket No. 4770 (4.49%, 14.29%, and 5.00%, respectively). Similarly, the Company applied the specific modified accelerated cost recovery system (MACRS) tax life and tax rates that are applicable to each investment category. This resulted in a higher revenue requirement on a smaller total capital investment in the ISR filing as compared to Docket No. 22-49-EL, mainly driven by the higher book depreciation rates,

<u>PUC 2-3, page 2</u> Advanced Metering Functionality Revenue Requirement

especially for software, which was 14.29% as compared to the 3.16% composite book depreciation rate used for the illustrative revenue requirement in Docket No. 22-49-EL.

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 23-48-EL Proposed FY 2025 Electric ISR Plan "Revised Section 5: Attachment 3" Attachment PUC 2-3 CORRECTED Page 1 of 10

The Narragansett Electric Company d/b/a Rhode Island Energy Electric Infrastructure, Safety, and Reliability (ISR) Plan - AMF Annual Revenue Requirement Summary - AMF Capital Investment

| Line <u>No.</u> | | Fiscal Year 4/1/24 - 3/31/25 <u>2025</u> (a) |
|--------------------|--|---|
| | AMF Incremental Capital Investment: | |
| 1 | Meters - Forecasted Revenue Requirement on FY 2025 Incremental Capital included in ISR | \$1,859,751 |
| 2 | Software - Forecasted Revenue Requirement on FY 2025 Incremental Capital included in ISR | \$2,154,005 |
| 3 | Network - Forecasted Revenue Requirement on FY 2025 Incremental Capital included in ISR | \$347,052 |
| 4 | Subtotal | \$4,360,807 |
| 5 | MDMS Software - Depreciation - No Return | \$118,564 |
| 6 | Total AMF Capital Investment Component of Revenue Requirement | \$4,479,371 |
| 7 | Deferrals to Offset AMF Capital Investment Revenue Requirement | (4,479,371) |
| 8 | Net AMF Capital Investment Component of Revenue Requirement | \$0 |

Column/Line Notes:

- 1 Page 2, Line 23
- 2 Page 3, Line 23
- 3 Page 4, Line 23
- 4 Total Lines 1 through 3

5 Page 5, Line 23

6 Line 4 + Line 5

7 Page 10, Column AC, Line 5

8 Line 6 + Line 7

The Narragansett Electric Company d/b/a Rhode Island Energy Electric Infrastructure, Safety, and Reliability (ISR) Plan - AMF Annual Revenue Requirement - AMF Capital Investment - Meters

| | | Source | | Fis | cal Year 2025 |
|----|--|--|-------|-----|---------------|
| | | | (a) | | (b) |
| 1 | 370 - Meters | In-Service Plant | | \$ | 29,971,477 |
| 2 | Plant Capital Overheads | Input | 0% | | \$0 |
| 3 | Capital Spend - Annual | Line $1 + Line 2$ | | | \$29,971,477 |
| 4 | Capital Spend - Cumulative | PY Line 4 + CY Line 3 | | | \$29,971,477 |
| 5 | 370 - COR - Annual | Input | | | \$0 |
| 6 | Cumulative COR | Line 5 | | | \$0 |
| | Annual Federal Tax Depreciation | Page 6, Line 27 | | | \$2,997,148 |
| 8 | Cumulative Federal Tax Depreciation | PY Line 8 + CY Line 7 | | | \$2,997,148 |
| | | Year 1 = Line 4 * Line 9, column a * | | | |
| | | 50%; Then = Line 4 * Line Line 9, | | | |
| 9 | Annual Book Depreciation | column a | 4.49% | | \$672,560 |
| 10 | Cumulative Book Depreciation | Line 9 | | | \$672,560 |
| 11 | Accumulated Deferred Income Tax | (Line 10 - Line 8) x 21% | 21% | | \$488,163 |
| | Rate Base Calculation | | | | |
| 12 | Plant In Service | Line 4 | | | \$29,971,477 |
| | Accumulated Reserve for Depreciation | - Line 10 | | | (\$672,560) |
| | Deferred Tax Reserve (ADIT) | - Line 11 | | | (\$488,163) |
| | Year End Rate Base | Sum of Lines 12 through 14 | | | \$28,810,754 |
| | Revenue Requirement Calculation | | | | |
| | <u></u> | Year 1 = CY, Line 15 * 50%; Then = PY | | | |
| 16 | Average Rate Base | Line 15 + CY Line 15 / 2 | | | \$14,405,377 |
| | Deferred Tax Proration Adjustment | Page 9, Column F, Line 41 | | | \$19,784 |
| 18 | Average Rate Base adjusted | Line 16 + Line 17 | • | | \$14,425,161 |
| | | RIPUC Docket No. 4770, Compliance | | | |
| 19 | Pre-Tax WACC | Att 2, Schedule 1, Pg 4 | | | 8.23% |
| 20 | Return and Taxes | Line 18 x Line 19 | | | \$1,187,191 |
| 21 | Book Depreciation | Line 9 | | | \$672,560 |
| | | RIPUC Docket No. 5209 FY 2023 | | | |
| | | Electric Infrastructure, Safety, and | | | |
| | Property Taxes | Reliability Plan Reconciliation Filing | 2.81% | | \$0 |
| 23 | Annual Revenue Requirement | Line 20 + 21 + 22 | : | | \$1,859,751 |

The Narragansett Electric Company d/b/a Rhode Island Energy Electric Infrastructure, Safety, and Reliability (ISR) Plan - AMF Annual Revenue Requirement - AMF Capital Investment - Software (Excluding MDMS)

| | | Source | | Fiscal Year 2025 |
|----|--|--|--------|------------------|
| | | | (a) | (b) |
| 1 | 303 - Software | In-Service Plant | | \$ 19,782,755 |
| 2 | Plant Capital Overheads | Input | 0% | \$0 |
| 3 | Capital Spend - Annual | Line 1 + Line 2 | - | \$19,782,755 |
| 4 | Capital Spend - Cumulative | PY Line 4 + CY Line 3 | | \$19,782,755 |
| 5 | 303- COR - Annual | Input | | \$0 |
| 6 | Cumulative COR | Line 5 | | \$0 |
| 7 | Annual Federal Tax Depreciation | Page 7, Line 27 | | \$3,297,192 |
| 8 | Cumulative Federal Tax Depreciation | PY Line 8 + CY Line 7 | | \$3,297,192 |
| | | Year 1 = Line 4 * Line 9, column a * | | |
| | | 50%; Then = Line 4 * Line Line 9, | | |
| 9 | Annual Book Depreciation | column a | 14.29% | \$1,413,053 |
| 10 | Cumulative Book Depreciation | Line 9 | | \$1,413,053 |
| 11 | Accumulated Deferred Income Tax | (Line 10 - Line 8) x 21% | 21% | \$395,669 |
| | Rate Base Calculation | | | |
| 12 | Plant In Service | Line 4 | | \$19,782,755 |
| | Accumulated Reserve for Depreciation | - Line 10 | | (\$1,413,053) |
| | Deferred Tax Reserve (ADIT) | - Line 10 | | (\$395,669) |
| | Year End Rate Base | Sum of Lines 12 through 14 | • | \$17,974,032 |
| | Revenue Requirement Calculation | | | |
| | <u> </u> | Year 1 = CY, Line 15 * 50%; Then = PY | | |
| 16 | Average Rate Base | Line 15 + CY Line 15 / 2 | | \$8,987,016 |
| | Deferred Tax Proration Adjustment | Page 9, Column G, Line 41 | | \$16,036 |
| | Average Rate Base adjusted | Line 16 + Line 17 | • | \$9,003,052 |
| | | RIPUC Docket No. 4770, Compliance | | |
| 19 | Pre-Tax WACC | Att 2, Schedule 1, Pg 4 | | 8.23% |
| 20 | Return and Taxes | Line 18 x Line 19 | • | \$740,951 |
| 21 | Book Depreciation | Line 9 | | \$1,413,053 |
| | | RIPUC Docket No. 5209 FY 2023 | | |
| | | Electric Infrastructure, Safety, and | | |
| | Property Taxes | Reliability Plan Reconciliation Filing | 2.81% | \$0 |
| 23 | Annual Revenue Requirement | Line 20 + 21 + 22 | : | \$2,154,005 |

The Narragansett Electric Company d/b/a Rhode Island Energy Electric Infrastructure, Safety, and Reliability (ISR) Plan - AMF Annual Revenue Requirement - AMF Capital Investment - Network

| | | Source | | Fisc | al Year 2025 |
|----|---|--|-------|------|--------------|
| | | | (a) | | (b) |
| 1 | 397 - Network | In-Service Plant | | \$ | 5,407,058 |
| 2 | Plant Capital Overheads | Input | 0% | | \$0 |
| 3 | Capital Spend - Annual | Line 1 + Line 2 | | | \$5,407,058 |
| 4 | Capital Spend - Cumulative | PY Line 4 + CY Line 3 | | | \$5,407,058 |
| 5 | 397 - COR - Annual | Input | _ | | \$0 |
| 6 | Cumulative COR | Line 5 | | | \$0 |
| | Annual Federal Tax Depreciation | Page 8, Line 27 | _ | | \$772,669 |
| 8 | Cumulative Federal Tax Depreciation | PY Line 8 + CY Line 7 | | | \$772,669 |
| | | Year 1 = Line 4 * Line 9, column a * | | | |
| | | 50%; Then = Line 4 * Line Line 9, | | | |
| | Annual Book Depreciation | column a | 5.00% | | \$135,176 |
| 10 | Cumulative Book Depreciation | Line 9 | | | \$135,176 |
| 11 | Accumulated Deferred Income Tax | (Line 10 - Line 8) x 21% | 21% | | \$133,873 |
| | Data Dasa Calculation | | | | |
| 12 | Rate Base Calculation Plant In Service | Line 4 | | | \$5,407,058 |
| | Accumulated Reserve for Depreciation | - Line 10 | | | (\$135,176) |
| | Deferred Tax Reserve (ADIT) | - Line 10 | | | (\$133,873) |
| | Year End Rate Base | Sum of Lines 12 through 14 | | | \$5,138,008 |
| | Revenue Requirement Calculation | | | | |
| | Revenue Requirement Carculation | Year 1 = CY, Line 15 * 50%; Then = PY | | | |
| 16 | Average Rate Base | Line 15 + CY Line 15 / 2 | | | \$2,569,004 |
| | Deferred Tax Proration Adjustment | Page 9, Column H, Line 41 | | | \$5,426 |
| | Average Rate Base adjusted | Line 16 + Line 17 | • | | \$2,574,430 |
| | e y | RIPUC Docket No. 4770, Compliance | | | . , , |
| 19 | Pre-Tax WACC | Att 2, Schedule 1, Pg 4 | | | 8.23% |
| 20 | Return and Taxes | Line 18 x Line 19 | • | | \$211,876 |
| 21 | Book Depreciation | Line 9 | | | \$135,176 |
| | - | RIPUC Docket No. 5209 FY 2023 | | | |
| | | Electric Infrastructure, Safety, and | | | |
| | Property Taxes | Reliability Plan Reconciliation Filing | 2.81% | | \$0 |
| 23 | Annual Revenue Requirement | Line 20 + 21 + 22 | | | \$347,052 |

The Narragansett Electric Company d/b/a Rhode Island Energy Electric Infrastructure, Safety, and Reliability (ISR) Plan - AMF Annual Revenue Requirement - AMF Capital Investment - MDMS

| | | Source | | Fiscal Y | Year 2025 |
|----|--------------------------------------|--|--------|----------|-------------|
| | | | (a) | | (b) |
| 1 | 303 - Software | In-Service Plant | | \$ | 1,659,895 |
| 2 | Plant Capital Overheads | Input | 0% | | \$0 |
| 3 | Capital Spend - Annual | Line 1 + Line 2 | | | \$1,659,895 |
| 4 | Capital Spend - Cumulative | PY Line 4 + CY Line 3 | | S | \$1,659,895 |
| 5 | 303- COR - Annual | Input | | | \$0 |
| 6 | Cumulative COR | Line 5 | | | \$0 |
| 7 | Annual Federal Tax Depreciation | N/A | | | \$0 |
| 8 | Cumulative Federal Tax Depreciation | PY Line 8 + CY Line 7 | | | \$0 |
| | | Year 1 = Line 4 * Line 9, column a * | | | |
| | | 50%; Then = Line 4 * Line Line 9, | | | |
| 9 | Annual Book Depreciation | column a | 14.29% | | \$118,564 |
| 10 | Cumulative Book Depreciation | Line 9 | | | \$118,564 |
| 11 | Accumulated Deferred Income Tax | (Line 10 - Line 8) x 21% | 21% | | \$0 |
| | Rate Base Calculation | | | | |
| 12 | Plant In Service | Line 4 | | | \$0 |
| | Accumulated Reserve for Depreciation | - Line 10 | | | \$0 \$0 |
| | Deferred Tax Reserve (ADIT) | - Line 10 | | | \$0 \$0 |
| | Year End Rate Base | Sum of Lines 12 through 14 | | | \$0 |
| | Revenue Requirement Calculation | | | | |
| | nevenue negunement Carculation | Year 1 = CY, Line 15 * 50%; Then = PY | | | |
| 16 | Average Rate Base | Line 15 + CY Line 15 / 2 | | | \$0 |
| | Deferred Tax Proration Adjustment | | | | \$0 |
| | Average Rate Base adjusted | Line 16 + Line 17 | • | | \$0 |
| | 8 5 | RIPUC Docket No. 4770, Compliance | | | • - |
| 19 | Pre-Tax WACC | Att 2, Schedule 1, Pg 4 | | | 0.00% |
| 20 | Return and Taxes | Line 18 x Line 19 | • | | \$0 |
| | Book Depreciation | Line 9 | | | \$118,564 |
| | 1 | RIPUC Docket No. 5209 FY 2023 | | | / |
| | | Electric Infrastructure, Safety, and | | | |
| 22 | Property Taxes | Reliability Plan Reconciliation Filing | 2.81% | | \$0 |
| | Annual Revenue Requirement | Line 20 + 21 + 22 | | | \$118,564 |
| | * | | : | | - |

The Narragansett Electric Company d/b/a Rhode Island Energy Electric Infrastructure, Safety, and Reliability (ISR) Plan - AMF Calculation of Tax Depreciation and Repairs Deduction on FY 2025 Meters

| | | | Fiscal Year | | | | |
|------|--|---------------------------------|--------------|---------------|--------------|--------------|--------------|
| Line | | | <u>2025</u> | | | | |
| No. | | | (a) | (b) | (c) | (d) | (e) |
| | Capital Repairs Deduction | | | | | | |
| 1 | Plant Additions | Page 2, Line 4 | \$29,971,477 | 10 Year MACRS | Depreciation | | |
| 2 | Capital Repairs Deduction Rate | Per Tax Department 1/ | 0.00% | | | | |
| 3 | Capital Repairs Deduction | Line 1 * Line 2 | \$0 | MACRS basis: | Line 20 | \$29,971,477 | |
| 4 | | | | | | Annual | Cumulative |
| 5 | Bonus Depreciation | | | Fiscal Year | | | |
| 6 | Plant Additions | Line 1 | \$29,971,477 | March 2025 | 10.000% | \$2,997,148 | \$2,997,148 |
| 7 | Plant Additions | | \$0 | March 2026 | 18.000% | \$5,394,866 | \$8,392,014 |
| 8 | Less Capital Repairs Deduction | Line 3 | \$0 | March 2027 | 14.400% | \$4,315,893 | \$12,707,907 |
| 9 | Plant Additions Net of Capital Repairs Deduction | Line 6 + Line 7 - Line 8 | \$29,971,477 | March 2028 | 11.520% | \$3,452,714 | \$16,160,621 |
| 10 | Percent of Plant Eligible for Bonus Depreciation | Per Tax Department | 0.00% | March 2029 | 9.220% | \$2,763,370 | \$18,923,991 |
| 11 | Plant Eligible for Bonus Depreciation | Line 9 * Line 10 | \$0 | March 2030 | 7.370% | \$2,208,898 | \$21,132,889 |
| 12 | Bonus Depreciation Rate | at 0% | 0.00% | March 2031 | 6.550% | \$1,963,132 | \$23,096,021 |
| 13 | Total Bonus Depreciation Rate | Line 12 | 0.00% | March 2032 | 6.550% | \$1,963,132 | \$25,059,152 |
| 14 | Bonus Depreciation | Line 11 * Line 13 | \$0 | March 2033 | 6.560% | \$1,966,129 | \$27,025,281 |
| 15 | | | | March 2034 | 6.550% | \$1,963,132 | \$28,988,413 |
| 16 | Remaining Tax Depreciation | | | March 2035 | 3.280% | \$983,064 | \$29,971,478 |
| 17 | Plant Additions | Line 1 | \$29,971,477 | | 100.00% | \$29,971,477 | |
| 18 | Less Capital Repairs Deduction | Line 3 | \$0 | | | | |
| 19 | Less Bonus Depreciation | Line 14 | \$0 | | | | |
| | Remaining Plant Additions Subject to 10 YR MACRS Tax | - | | | | | |
| 20 | Depreciation | Line 17 - Line 18 - Line 19 | \$29,971,477 | | | | |
| 21 | 10 YR MACRS Tax Depreciation Rates | Per IRS Publication 946 | 10.000% | | | | |
| 22 | Remaining Tax Depreciation | Line 20 * Line 21 | \$2,997,148 | | | | |
| 23 | | | | | | | |
| 24 | FY25 (Gain)/Loss incurred due to retirements | Per Tax Department 2/ | \$0 | | | | |
| 25 | Cost of Removal | * | \$0 | | | | |
| 26 | | | | | | | |
| | | Sum of Lines 3, 14, 22, 24, and | | | | | |
| 27 | Total Tax Depreciation and Repairs Deduction | 25 | \$2,997,148 | | | | |
| | A A | = | | | | | |

1/ Per Tax Department

2/ Per Tax Department

The Narragansett Electric Company d/b/a Rhode Island Energy Electric Infrastructure, Safety, and Reliability (ISR) Plan - AMF Calculation of Tax Depreciation and Repairs Deduction on FY 2025 Software

| Line | | | Fiscal Year <u>2025</u> | | | | |
|------|---|---------------------------------|----------------------------|--------------|----------------|---------------|--------------|
| No. | | | (a) | (b) | (c) | (d) | (e) |
| | Capital Repairs Deduction | | | | | | |
| 1 | Plant Additions | Page 4, Line 4 | \$19,782,755 | 3 Year MACRS | Depreciation S | Straight Line | |
| 2 | Capital Repairs Deduction Rate | Per Tax Department 1/ | 0.00% | | | C | |
| 3 | Capital Repairs Deduction | Line 1 * Line 2 | \$0 | MACRS basis: | Line 20 | \$19,782,755 | |
| 4 | | | | | | Annual | Cumulative |
| 5 | Bonus Depreciation | | | Fiscal Year | | | |
| 6 | Plant Additions | Line 1 | \$19,782,755 | March 2025 | 16.667% | \$3,297,192 | \$3,297,192 |
| 7 | Plant Additions | | \$0 | March 2026 | 33.333% | \$6,594,186 | \$9,891,378 |
| 8 | Less Capital Repairs Deduction | Line 3 | \$0 | March 2027 | 33.333% | \$6,594,186 | \$16,485,563 |
| 9 | Plant Additions Net of Capital Repairs Deduction | Line 6 + Line 7 - Line 8 | \$19,782,755 | March 2028 | 16.667% | \$3,297,192 | \$19,782,755 |
| 10 | Percent of Plant Eligible for Bonus Depreciation | Per Tax Department | 0.00% | | | | |
| 11 | Plant Eligible for Bonus Depreciation | Line 9 * Line 10 | \$0 | | 100.00% | \$19,782,755 | |
| 12 | Bonus Depreciation Rate | at 0% | 0.00% | | | | |
| 13 | Total Bonus Depreciation Rate | Line 12 | 0.00% | | | | |
| 14 | Bonus Depreciation | Line 11 * Line 13 | \$0 | | | | |
| 15 | | | | | | | |
| 16 | Remaining Tax Depreciation | | | | | | |
| 17 | Plant Additions | Line 1 | \$19,782,755 | | | | |
| 18 | Less Capital Repairs Deduction | Line 3 | \$0 | | | | |
| 19 | Less Bonus Depreciation | Line 14 | \$0 | | | | |
| | Remaining Plant Additions Subject to 3 YR MACRS Tax | _ | | | | | |
| 20 | Depreciation Straight Line | Line 17 - Line 18 - Line 19 | \$19,782,755 | | | | |
| 21 | 3 YR MACRS Tax Depreciation Rates Straight Line | Per IRS Publication 946 | 16.667% | | | | |
| 22 | Remaining Tax Depreciation | Line 20 * Line 21 | \$3,297,192 | | | | |
| 23 | | | | | | | |
| 24 | FY25 (Gain)/Loss incurred due to retirements | Per Tax Department 2/ | \$0 | | | | |
| 25 | Cost of Removal | | \$0 | | | | |
| 26 | | _ | | | | | |
| | | Sum of Lines 3, 14, 22, 24, and | | | | | |
| 27 | Total Tax Depreciation and Repairs Deduction | 25 | \$3,297,192 | | | | |

1/ Per Tax Department

2/ Per Tax Department

The Narragansett Electric Company d/b/a Rhode Island Energy Electric Infrastructure, Safety, and Reliability (ISR) Plan - AMF Calculation of Tax Depreciation and Repairs Deduction on FY 2025 Network

| | | | Fiscal Year | | | | |
|------------|---|---------------------------------|-------------|----------------|--------------|-------------|-------------|
| Line | | | <u>2025</u> | | | | |
| <u>No.</u> | | | (a) | (b) | (c) | (d) | (e) |
| | Capital Repairs Deduction | | | | | | |
| 1 | Plant Additions | Page 4, Line 4 | \$5,407,058 | 7 Year MACRS I | Depreciation | | |
| 2 | Capital Repairs Deduction Rate | Per Tax Department 1/ | 0.00% | | | | |
| 3 | Capital Repairs Deduction | Line 1 * Line 2 | \$0 | MACRS basis: | Line 20 | \$5,407,058 | |
| 4 | | | | | | Annual | Cumulative |
| 5 | Bonus Depreciation | | | Fiscal Year | | | |
| 6 | Plant Additions | Line 1 | \$5,407,058 | March 2025 | 14.290% | \$772,669 | \$772,669 |
| 7 | Plant Additions | | \$0 | March 2026 | 24.490% | \$1,324,189 | \$2,096,858 |
| 8 | Less Capital Repairs Deduction | Line 3 | \$0 | March 2027 | 17.490% | \$945,695 | \$3,042,552 |
| 9 | Plant Additions Net of Capital Repairs Deduction | Line 6 + Line 7 - Line 8 | \$5,407,058 | March 2028 | 12.490% | \$675,342 | \$3,717,894 |
| 10 | Percent of Plant Eligible for Bonus Depreciation | Per Tax Department | 0.00% | March 2029 | 8.930% | \$482,850 | \$4,200,744 |
| 11 | Plant Eligible for Bonus Depreciation | Line 9 * Line 10 | \$0 | March 2030 | 8.920% | \$482,310 | \$4,683,054 |
| 12 | Bonus Depreciation Rate | at 0% | 0.00% | March 2031 | 8.930% | \$482,850 | \$5,165,904 |
| 13 | Total Bonus Depreciation Rate | Line 12 | 0.00% | March 2032 | 4.460% | \$241,155 | \$5,407,059 |
| 14 | Bonus Depreciation | Line 11 * Line 13 | \$0 | | 100.00% | \$5,407,058 | |
| 15 | | | | | | | |
| 16 | Remaining Tax Depreciation | | | | | | |
| 17 | Plant Additions | Line 1 | \$5,407,058 | | | | |
| 18 | Less Capital Repairs Deduction | Line 3 | \$0 | | | | |
| 19 | Less Bonus Depreciation | Line 14 | \$0 | | | | |
| | Remaining Plant Additions Subject to 7 YR MACRS Tax | — | | | | | |
| 20 | Depreciation | Line 17 - Line 18 - Line 19 | \$5,407,058 | | | | |
| 21 | 7 YR MACRS Tax Depreciation Rates | Per IRS Publication 946 | 14.290% | | | | |
| 22 | Remaining Tax Depreciation | Line 20 * Line 21 | \$772,669 | | | | |
| 23 | | | | | | | |
| 24 | FY25 (Gain)/Loss incurred due to retirements | Per Tax Department 2/ | \$0 | | | | |
| 25 | Cost of Removal | 1 | \$0 | | | | |
| 26 | | | | | | | |
| | | Sum of Lines 3, 14, 22, 24, and | | | | | |
| 27 | Total Tax Depreciation and Repairs Deduction | 25 | \$772,669 | | | | |
| | | = | | | | | |

1/ Per Tax Department

2/ Per Tax Department

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 23-48-EL Proposed FY 2025 Electric ISR Plan "Revised Section 5: Attachment 3" Attachment PUC 2-3 CORRECTED Page 9 of 10

The Narragansett Electric Company d/b/a Rhode Island Energy FY 2025 Electric Infrastructure, Safety, and Reliability (ISR) Plan - AMF Calculation of Net Deferred Tax Reserve Proration on FY 2025 Incremental Capital Investment

Meters Software Network Line FY 2025 FY 2025 FY 2025 No. **Deferred Tax Subject to Proration** (a) (b) (c) 1 Book Depreciation Page 2, 3, 4; Line 9 \$672,560 \$1,413,053 \$135,176 2 Bonus Depreciation Page 5,6, 7; Line 14 \$0 \$0 \$0 3 Remaining MACRS Tax Depreciation Page 5,6, 7; Line 22 (\$2,997,148) (\$3,297,192) (\$772,669) 4 FY 2025 tax (gain)/loss on retirements Page 5,6, 7; Line 24 \$0 \$0 \$0 Cumulative Book / Tax Timer 5 Sum of Lines 1 through 4 (\$2,324.588) (\$1,884,139) $(\$637\ 493)$ 6 Effective Tax Rate 21.00%21.00% 21.00% 7 Deferred Tax Reserve Line 5 * Line 6 (\$488,163) (\$395,669) (\$133,873) Deferred Tax Not Subject to Proration 8 Capital Repairs Deduction Page 5,6, 7; Line 3 \$0 \$0 \$0 Cost of Removal Page 5,6, 7; Line 25 \$0 \$0 9 \$0 10 Book/Tax Depreciation Timing Difference at 3/31/2025 Line 8 + Line 9 + Line 10 11 Cumulative Book / Tax Timer \$0 \$0 \$0 12 Effective Tax Rate 21.00% 21.00% 21.00% Deferred Tax Reserve Line 11 * Line 12 13 \$0 \$0 \$0 14 Total Deferred Tax Reserve Line 7 + Line 13 (\$395,669) (\$133,873) (\$488,163) 15 Net Operating Loss \$0 \$0 \$0 Net Deferred Tax Reserve Line 14 + Line 15 16 (\$488,163) (\$395,669) (\$133,873) Allocation of FY 2024 Estimated Federal NOL 17 Cumulative Book/Tax Timer Subject to Proration Col(b) = Line 5(\$2,324,588) (\$1,884,139) (\$637,493) Cumulative Book/Tax Timer Not Subject to Proration 18 Line 11 \$0 \$0 \$0 (\$2,324,588) 19 Total Cumulative Book/Tax Timer Line 17 + Line 18 (\$1,884,139) (\$637,493) 20 Total FY 2025 Federal NOL (Utilization) \$0 \$0 \$0 Allocated FY 2025 Federal NOL Not Subject to Proration (Line 18 / Line 19) * Line 20 21 \$0 \$0 \$0 (Line 17 / Line 19) * Line 20 22 Allocated FY 2025 Federal NOL Subject to Proration \$0 \$0 \$0 23 Effective Tax Rate 21% 21% 21% 24 Deferred Tax Benefit subject to proration Line 22 * Line 23 \$0 \$0 \$0 25 Net Deferred Tax Reserve subject to proration Line 7 + Line 24 (\$488,163) (\$395,669) (\$133,873) (d) (f) (e) (g) (h)

| | | Number of Days in | | | | |
|----|--|-------------------|----------------------|-------------|-------------|-------------|
| | Proration Calculation | Month | Proration Percentage | | | |
| 26 | January | 31 | 91.53% | (\$37,235) | (\$30,180) | (\$10,211) |
| 27 | February | 29 | 83.61% | (\$34,011) | (\$27,567) | (\$9,327) |
| 28 | March | 31 | 75.14% | (\$30,566) | (\$24,774) | (\$8,382) |
| 29 | April | 30 | 66.94% | (\$27,231) | (\$22,072) | (\$7,468) |
| 30 | May | 31 | 58.47% | (\$23,786) | (\$19,279) | (\$6,523) |
| 31 | June | 30 | 50.27% | (\$20,451) | (\$16,576) | (\$5,609) |
| 32 | July | 31 | 41.80% | (\$17,006) | (\$13,784) | (\$4,664) |
| 33 | August | 31 | 33.33% | (\$13,560) | (\$10,991) | (\$3,719) |
| 34 | September | 30 | 25.14% | (\$10,226) | (\$8,288) | (\$2,804) |
| 35 | October | 31 | 16.67% | (\$6,780) | (\$5,495) | (\$1,859) |
| 36 | November | 30 | 8.47% | (\$3,446) | (\$2,793) | (\$945) |
| 37 | December | 31 | 0.00% | \$0 | \$0 | \$0 |
| 38 | Total | 366 | | (\$224,297) | (\$181,799) | (\$61,511) |
| 39 | Deferred Tax Without Proration | Line | 25 | (\$488,163) | (\$395,669) | (\$133,873) |
| 40 | Average Deferred Tax without Proration | Line 39 | | (\$244,082) | (\$197,835) | (\$66,937) |
| 41 | Proration Adjustment | Line 38 - 1 | Line 40 | \$19,784 | \$16,036 | \$5,426 |

Column Notes:

(e) Sum of remaining days in the year $(Col (d)) \div 365$

(f), (g), (h) Current Year Line $25 \div 12 \times$ Current Month Col (e)

The Narragansett Electric Company d/b/a Rhode Island Energy RIPUC Docket No. 23-48-EL Proposed FY 2025 Electric ISR Plan "Revised Section 5: Attachment 3" Attachment PUC 2-3 CORRECTED Page 10 of 10

The Narragansett Electric Company d/b/a Rhode Island Energy Electric Infrastructure, Safety, and Reliability (ISR) Plan - AMF Deferral Balances

| Line <u>No.</u> | | | ate Year Endin August 31, 2019 | | | Rate Year Endi <u>August 31, 202</u> | | | ate Year Endi August 31, 202 | | | Rate Year End <u>August 31, 202</u> | | | ate Year Endi August 31, 202 | | August 31, 2023 Actual |
|--------------------|--|---|--|--|---|--|---|--|--|--|--|--|---|---------------------------|--|--|--|
| | | Actual Spend | Rate Allowance | Deferral | Actual Spend | Rate Allowance | Deferral | Actual Spend | Rate Allowance | Deferral | Actual Spend | Rate Allowance | Deferral | Actual Spend | Rate Allowance | Deferral | Cumulative Deferral |
| | | (a) | (b) | (c)=(a)-(b) | (d) | (e) | (f)=(d)-(e) | (g) | (h) | (i)=(g)-(h) | (j) | (k) | (l)=(j)-(k) | (m) | (n) | (o)=(m)-(n) | (p) = (c)+(f)+(i)+(l)+=(o) |
| 1 2 3 4 | AMI Business Case Study GIS Enhancements (IS) Special Sector: Storage Special Sector: Electric Transportation | \$2,000,000 \$11,119 \$0 \$312,370 | \$666,667 \$142,333 \$112,586 \$681,300 | \$1,333,333 (\$131,214) (\$112,586) (\$368,930) <u>\$0</u> | \$0 \$20,451 \$5,464 \$1,106,790 | \$666,667 \$142,333 \$259,668 \$1,151,751 | (\$666,667) (\$121,883) (\$254,204) (\$44,961) \$0 | \$0 \$8,739 \$5,564 \$1,023,537 | \$666,667 \$142,333 \$411,986 \$2,151,776 | (\$666,667) (\$133,595) (\$406,422) (\$1,128,239) <u>\$0</u> | \$0 \$115,356 \$0 \$1,419,934 | \$666,667 \$142,333 \$411,986 \$2,151,776 | (\$666,667) (\$26,978) (\$411,986) (\$731,842) <u>\$0</u> | \$0 \$0 \$1,252,963 | \$666,667 \$142,333 \$411,986 \$2,151,776 | (\$666,667) (\$142,333) (\$411,986) (\$898,813) <u>\$0</u> | (\$1,333,333) (\$556,002) (\$1,597,184) (\$3,172,785) |
| 5 | Total | \$2,323,489 | \$1,602,886 | \$720,603 | \$1,132,705 | \$2,220,419 | (\$1,087,714) | \$1,037,839 | \$3,372,762 | (\$2,334,923) | \$1,535,290 | \$3,372,762 | (\$1,837,472) | \$1,252,963 | \$3,372,762 | (\$2,119,799) | (\$6,659,305) |
| 6 | AMF Related Grid Mod in Base Rates | | \$325,733 | (\$325,733) | | \$946,878 | (\$946,878) | | \$1,234,459 | (\$1,234,459) | | \$1,234,459 | (\$1,234,459) | | \$1,234,459 Deferral Balance Used for AMF Capital Revenue | (\$1,234,459) Forecasted Remaining | (\$4,975,988) |
| Line <u>No.</u> | | | ted Rate Year August 31, 2024 | | | sted Rate Year August 31, 202 | | | ted Rate Year August 31, 202 | | | ed Cumulative August 31, 202 | | | Requirement FY 2025 | Deferral As of 8/31/26 | |
| | | Forecasted Spend | Rate Allowance | Deferral | Forecasted Spend | Rate Allowance | Deferral | Forecasted Spend | Rate Allowance | Deferral | Actual Spend | Rate Allowance | Deferral (ab)=(p)+(s)+(v | | | | |
| | | (q) | (r) | (s)=(q)-(r) | (t) | (u) | (v)=(t)-(u) | (w) | (x) | (y)=(w)-(x) | (z) | (aa) |)+(y) | | (ac) | (ad) | |
| 1 2 3 4 | AMI Business Case Study GIS Enhancements (IS) Special Sector: Storage Special Sector: Electric Transportation | \$0 \$0 \$936,940 | | (\$666,667) (\$142,333) (\$411,986) (\$1,214,836) \$0 | \$0 \$0 \$0 \$776,940 | \$666,667 \$142,333 \$411,986 \$2,151,776 | (\$666,667) (\$142,333) (\$411,986) (\$1,374,836) \$0 | \$0 \$0 \$755,940 | \$666,667 \$142,333 \$411,986 \$2,151,776 | (\$666,667) (\$142,333) (\$411,986) (\$1,395,836) \$0 | \$0 \$115,356 \$0 \$1,419,934 | \$666,667 \$142,333 \$411,986 \$2,151,776 | (\$3,333,333) (\$983,002) (\$2,833,142) (\$7,158,293) \$0 | | \$0 \$0 \$2,833,142 \$1,646,229 \$0 | (\$3,333,333) (\$983,002) \$0 (\$5,512,064) \$0 | |
| 5 | Total AMF Related Grid Mod in Base Rates | \$936,940 \$0 | | (\$2,435,822) (\$1,234,459) | \$776,940 \$0 | \$3,372,762 \$1,234,459 | (\$2,595,822) (\$1,234,459) | \$755,940 \$0 | \$3,372,762 \$1,234,459 | (\$2,616,822) (\$1,234,459) | \$1,535,290 \$0 | \$3,372,762 \$1,234,459 | (\$14,307,771) (\$8,679,365) | | \$4,479,371 \$0 | (\$9,828,400) (\$8,679,365) | |

Line Notes:

1b, 1e, 1h Docket No. 4770, Compliance Attachment 1, Page 7 of 9, Line 26

2b, 2e, 2h Docket No. 4770, Compliance Attachment 1, Page 7 of 9, Line 27

3b, 3e, 3h Docket No. 4770, Compliance Attachment 1, Page 7 of 9, Line 36

4b, 4e, 4h Docket No. 4770, Compliance Attachment 1, Page 7 of 9, Line 33

4p Docket No. 4770, Electric Transportation Rate Year 5 Annual Report, Table 4, Column E

Columns k, n, r, u, x - Rate Allowance from Rate Year August 2021 continued until next base distribution rate case

Columns a, d, g, j, m - actual revenue requirement on actual spend

Columns q, t, w - forecated revenue requirement on forecasted spend

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.

January 31, 2024 Date

Joanne M. Scanlon

Docket No. 23-48-EL – RI Energy's Electric ISR Plan FY 2025 Service List as of 1/10/2024

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