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March 6, 2024

**VIA ELECTRONIC MAIL**

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

**RE: Docket No. 24-05-GE - Rhode Island Energy Petition For Approval  
To Create Regulatory Assets For Waived Electronic Transaction Fees  
Responses to PUC Data Requests – Set 1**

Dear Ms. Massaro:

On behalf of Rhode Island Energy,<sup>1</sup> enclosed are the Company's responses to the Public Utilities Commission's First Set of Data Requests in the above-referenced matter.

Thank you for your attention to this matter. If you have any questions, please contact me at 401-316-7429.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Jennifer Brooks Hutchinson".

Jennifer Brooks Hutchinson

Enclosure

cc: Docket No. 24-05-GE Service List

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<sup>1</sup> The Narragansett Electric Company d/b/a Rhode Island Energy ("Rhode Island Energy" or the "Company").

The Narragansett Electric Company  
d/b/a Rhode Island Energy  
RIPUC Docket No. 24-05-GE  
In Re: Petition For Approval to Create Regulatory Assets  
For Waived Electronic Transaction Fees  
Responses to the Commission's First Set of Data Requests  
Issued on February 15, 2024

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PUC 1-1

Request:

Please confirm that the date on page 3, paragraph 4 should be July 13, 2020.

Response:

Yes, the date on Page 3, paragraph 4 should be July 13, 2020.

The Narragansett Electric Company  
d/b/a Rhode Island Energy  
RIPUC Docket No. 24-05-GE  
In Re: Petition For Approval to Create Regulatory Assets  
For Waived Electronic Transaction Fees  
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PUC 1-2

Request:

The witnesses explain the waived electronic transaction fees are being recorded as an operating expense on the Company's financial statements. Please confirm that this had the effect of reducing the Company's earnings in the year when the expense was incurred.

Response:

Yes, the Company confirms that the amount of waived electronic transaction fees in a given year would have reduced the Company's earnings in the year in which the expense was incurred and recorded on the Company's books.

The Narragansett Electric Company  
d/b/a Rhode Island Energy  
RIPUC Docket No. 24-05-GE  
In Re: Petition For Approval to Create Regulatory Assets  
For Waived Electronic Transaction Fees  
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Issued on February 15, 2024

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PUC 1-3

Request:

If the response to PUC 1-2 was in the affirmative, please recalculate the earnings for each year from 2020 through 2022 assuming the proposed regulatory asset was booked (or the expense had been recovered through another mechanism) for the electronic transaction fees incurred in the same year. Please show the differences with highlighted cells.

Response:

Please see the following attachments for the recalculated earnings for each year from 2020 through 2022 assuming the electronic transaction fees had been booked as a regulatory asset rather than operating expense (or recovered through another mechanism in that same year). The Company assumed no other changes to the filed earnings calculations. The amounts highlighted in yellow on the attachments reflect the input change to reflect the additional revenue assumed to be collected in the year that the expense was incurred. The other amounts highlighted in blue on the attachments reflect flow through differences that resulted from the input change.

<b>Attachment #</b>	<b>Period</b>	<b>Additional Revenue included for fees</b>	<b>Earned ROE as Filed</b>	<b>Recalculated on Attachment</b>
Attachment PUC 1-3-1	CY 2020 Electric	\$353,926	10.74%	10.80%
Attachment PUC 1-3-2	CY 2020 Gas	\$166,554	7.94%	7.97%
Attachment PUC 1-3-3	CY 2021 Electric	\$785,459	10.02%	10.14%
Attachment PUC 1-3-4	CY 2021 Gas	\$374,730	8.29%	8.35%
Attachment PUC 1-3-5	CY 2022 Electric	\$755,350	8.24%	8.35%
Attachment PUC 1-3-6	CY 2022 Gas	\$361,371	4.73%	4.77%



**THE NARRAGANSETT ELECTRIC COMPANY**  
**Return on Equity Calculation**  
**Return on Rate Base Calculation**  
**Twelve Months Ended December 31, 2020**  
**(\$000s)**

<u>Line No.</u>		<u>Return on Equity</u>			<u>Return on Rate Base</u>			
		<u>Base Earnings</u>	<u>Basis Points</u>	<u>Actual Earnings</u>	<u>Base Earnings</u>	<u>Basis Points</u>	<u>Actual Earnings</u>	
		<u>(a)</u>	<u>(b)</u>	<u>(c)</u>	<u>(d)</u>	<u>(e)</u>	<u>(f)</u>	
1	Distribution Operating Income Before Taxes	\$88,584		\$88,584	\$88,584		\$88,584	1/
2	Adjustments:							
3	Service Quality ("SQ") Penalties Accrued	\$0	0.00%		\$0	0.00%		2/, 3/
4	Energy Efficiency Program Incentive	(\$2,496)	-0.53%		(\$2,496)	-0.27%		3/
5	System Reliability Procurement Incentives	\$0	0.00%		\$0	0.00%		3/
6	LTCRER Incentive	(\$2,447)	-0.52%		(\$2,447)	-0.26%		3/
7	RE Growth Remuneration	(\$460)	-0.10%		(\$460)	-0.05%		3/
8	Performance Incentive Mechanism Incentives	(\$362)	-0.08%		\$0	0.00%		3/
9								
10	Adjusted Distribution Operating Income Before Taxes	\$82,819		\$88,584	\$83,182		\$88,584	4/
11	Interest Charges	\$20,712		\$20,712	\$20,712		\$20,712	5/
12	Income Taxes @ 21% net of flowthrough	\$11,188	-0.26%	\$12,399	\$11,265	-0.12%	\$12,399	6/
13								
14	Net Income	\$50,919		\$55,473	\$71,917		\$76,185	7/
15								
16	Less: Preferred Stock Requirements	\$42		\$42	\$42		\$42	5/
17	Earnings Available for Common	\$50,878		\$55,432	\$71,917		\$76,185	8/
18								
19	Average Common Equity - 5-Quarter Average	\$471,095		\$471,095	\$924,621		\$924,621	9/
20								
21	<b>Rate of Return on Adjusted Average Common Equity</b>	<b>10.80%</b>		<b>11.77%</b>	<b>7.78%</b>		<b>8.24%</b>	10/

**Notes**

- 1/ Page 3 of 7 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/ Sum of Lines 1 thru 8
- 5/ Calculated using imputed capital structure and cost rates; see Page 1 of 7, Lines 42, 41, 29, and 30
- 6/ Page 1 of 7, Line 46
- 7/ Column (a) & (c): Line 10 - Line 11 - Line 12. Column (d) & (f): Line 10 - Line 12
- 8/ Line 14 - Line 16
- 9/ Calculated using imputed capital structure and cost rates; see Page 1 of 7, Line 29, and Line 30
- 10/ Line 17 ÷ Line 19

**THE NARRAGANSETT ELECTRIC COMPANY**  
**Income Statement**  
**Twelve Months Ended December 31, 2020**  
(\$000s)

Line No.	Total Electric Business	Less: Integrated	Less: Actual Block Island	Add: Other Adjustments	Electric Distribution
		Facilities Agreement (IFA) Amounts Billed to New England Power Co.	Transmission System Credits and Expenses		Amount Per Schedules
	(a)	(b)	(c)	(d)	(e) = (a)-(b)-(c)+(d)
1	Revenue - Sales of Electricity	\$345,203			\$345,203
2	Other Revenue	\$758,459		\$1,764	\$760,223
3	Total Revenue	\$1,103,662			\$1,105,426
4	Operating Expenses:				
5	Purchased Power	\$380,505			\$380,505
6	Transmission Wheeling	\$219,880			\$219,880
7	Transmission Wheeling - IFA and BITS Credit	(\$156,228)	(\$138,857)	(\$17,370)	\$0
8	Uncollectible Expense	\$37,243		(\$28,405)	\$8,838
9	Genl & Admin. O&M	\$136,830	\$22,592		\$114,238
10	All Other Operation & Maintenance ("O&M") expe	\$164,050	\$8,238	(\$887)	\$154,924
11	Company Share of Earned Savings	\$0			\$0
12	Depreciation	\$84,444	\$24,044	\$3,461	\$56,940
13	Amortization of Loss on Reacquired Debt	\$771	\$62	(\$576)	\$133
14	Amortization - Other	\$845			\$845
15	Gross Earnings Tax	\$42,662			\$42,662
16	Municipal Tax	\$49,280	\$16,522	\$289	\$32,469
17	Other Non-Income taxes	\$5,949	\$757		\$5,192
18	Current and Deferred Income Taxes	\$54,116		(\$54,116)	\$0
19	Regulatory Debits	\$0			\$0
20	Accretion Expense	\$0		\$0	\$0
21	Amortization of ITC	(\$0)	(\$2)		\$1
22	Interest on Customer Deposits	\$216			\$216
23	Donations	\$0		\$0	\$0
24	Total Operating Expenses	\$1,020,563	(\$66,644)	(\$13,620)	\$1,016,843
25					
26	Net Operating Income	\$83,099			\$88,584
27	Distribution Operating Income Before Taxes				\$88,584

**Notes**

- 1/ In December 2019, the Renewable Energy Growth (REG) Performance Based Incentive (PBI) credits to solar customers were not recorded until January 2020. No such timing issue in December 2020. The timing differences need to be adjusted.  
Add: Dec 2019 REG PBI Payment recorded in Jan 2020 1,764,051  
Less: Dec 2020 REG PBI Payment recorded in Jan 2021 0  
Total Revenue Normalization Adjustment 1,764,051
- 2/ Adjustment to all Other Operation & Maintenance expense  
Variable Pay (\$512,818)  
Sales expense (\$258,524)  
Amortization of Service Company EDIT not charged to NECO Electric (\$115,905)  
Total Adjustment (\$887,246)
- 3/ 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 2019	(b) March 2020	(c) June 2020	(d) September 2020	(e) December 2020	(f) 5-Quarter Average
1	Utility Plant in Service	\$ 1,754,536,149	\$ 1,786,263,603	\$ 1,805,634,575	\$ 1,823,924,960	\$ 1,853,918,047	\$ 1,804,855,467
2	IFA allocated Plant	-	-	-	-	-	-
3	Block Island Transmission System (BITS) Assets	-	-	-	-	-	-
4	Total Distribution Plant	<u>\$ 1,754,536,149</u>	<u>\$ 1,786,263,603</u>	<u>\$ 1,805,634,575</u>	<u>\$ 1,823,924,960</u>	<u>\$ 1,853,918,047</u>	<u>\$ 1,804,855,467</u>
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	629,316	447,216	629,316	409,716	447,216	512,556
9	Less: Accumulated Depreciation	721,426,094	723,042,537	731,538,027	736,857,451	739,767,883	730,526,398
10	Less: IFA allocated Depreciation	-	-	-	-	-	-
11	Less: Block Island Transmission System (BITS) Depreciation	-	-	-	-	-	-
12	Total Accumulated Depreciation	<u>721,426,094</u>	<u>723,042,537</u>	<u>731,538,027</u>	<u>736,857,451</u>	<u>739,767,883</u>	<u>730,526,398</u>
13							
14	Net Plant in Service	<u>\$ 1,034,976,781</u>	<u>\$ 1,065,269,892</u>	<u>\$ 1,075,963,275</u>	<u>\$ 1,089,153,836</u>	<u>\$ 1,116,198,990</u>	<u>\$ 1,076,312,555</u>
15							
16	Plus:						
17	Materials and Supplies	\$ 3,358,250	\$ 2,470,664	\$ 4,486,593	\$ 1,537,608	\$ 1,242,479	\$ 2,619,119
18	Prepayments	74,791	1,446,617	3,368,222	1,743,528	1,815,446	1,689,721
19	Loss on Reacquired Debt	1,578,604	1,544,565	1,516,652	1,489,970	1,446,046	1,515,168
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	40,289,969	43,982,259	43,982,259	43,982,259	43,982,259	43,243,801
22	Unamortized Interest Rate Lock	1,945,053	1,920,550	1,896,047	1,871,544	1,847,041	1,896,047
23	Unamortized Debt Issuance Costs (\$550M)	820,383	798,326	788,327	778,327	768,327	790,738
24	Unamortized Debt Issuance Costs (\$250M 2012)	835,842	754,585	746,263	737,940	729,618	760,849
25	Unamortized Debt Issuance Costs (\$350M 2018)	526,372	600,919	582,891	564,864	546,836	564,376
26	Unamortized Debt Issuance Costs (\$600M 2020)	-	-	1,056,462	1,029,286	1,002,109	617,571
27							
28	Subtotal	<u>\$ 67,351,342</u>	<u>\$ 71,440,563</u>	<u>\$ 76,345,794</u>	<u>\$ 71,657,403</u>	<u>\$ 71,302,239</u>	<u>\$ 71,619,468</u>
29							
30	Less:						
31	Accumulated Deferred Federal Income Taxes ("FIT")	\$ 210,167,705	\$ 202,803,414	\$ 215,223,121	\$ 216,877,909	\$ 219,694,430	\$ 212,953,316
32	Block Island Transmission System (BITS) ADIT	-	(0)	-	-	-	(0)
33	Accumulated Deferred FIT on Loss on Reacquired Debt	331,507	324,359	318,497	312,894	303,670	318,185
34	Customer Deposits	10,253,679	9,727,673	10,573,489	9,641,757	9,999,649	10,039,249
35							
36	Subtotal	<u>\$ 220,752,891</u>	<u>\$ 212,855,446</u>	<u>\$ 226,115,106</u>	<u>\$ 226,832,559</u>	<u>\$ 229,997,748</u>	<u>\$ 223,310,750</u>
37							
38	Rate Base	<u>\$ 881,575,232</u>	<u>\$ 923,855,009</u>	<u>\$ 926,193,962</u>	<u>\$ 933,978,679</u>	<u>\$ 957,503,482</u>	<u>\$ 924,621,273</u>

**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 2019	(b) March 2020	(c) June 2020	(d) September 2020	(e) December 2020	(f) 5-Quarter Average
1	Utility Plant in Service	\$ 929,607,048	\$ 938,232,861	\$ 943,177,517	\$ 944,366,192	\$ 982,754,493	\$ 947,627,622
2	IFA allocated Plant	6,693,216	6,367,947	6,366,314	6,382,786	7,204,993	6,603,051
3	Block Island Transmission System (BITS) Assets	115,340,155	115,491,785	115,645,429	115,702,598	115,727,667	115,581,527
4	Total Transmission Plant	\$ 1,051,640,420	\$ 1,060,092,593	\$ 1,065,189,260	\$ 1,066,451,576	\$ 1,105,687,152	\$ 1,069,812,200
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	136,364,673	142,213,131	146,205,432	154,401,286	160,614,354	147,959,775
10	Less: IFA allocated Depreciation	1,528,837	1,478,982	1,512,283	1,551,941	1,590,588	1,532,526
11	Less: Block Island Transmission System (BITS) Depreciation	7,404,134	8,599,936	9,327,185	10,054,695	10,782,481	9,233,686
12	Total Accumulated Depreciation	145,297,644	152,292,050	157,044,900	166,007,922	172,987,422	158,725,988
13							
14	Net Plant in Service	\$ 918,874,795	\$ 920,332,563	\$ 920,676,378	\$ 912,975,672	\$ 945,231,749	\$ 923,618,231
15							
16	Plus:						
17	Materials and Supplies	\$ 2,888,603	\$ 2,577,422	\$ 2,671,012	\$ 2,501,255	\$ 2,642,285	\$ 2,656,116
18	Prepayments	37,672	733,336	307,495	872,026	932,732	576,652
19	Loss on Reacquired Debt	795,140	782,990	764,714	745,208	742,943	766,199
20	Cash Working Capital	3,735,588	3,714,801	3,390,619	3,538,884	2,724,192	3,420,817
21	Cash Working Capital - Commodity & Gross Receipts Tax	-	-	-	-	-	-
22	Unamortized Interest Rate Lock	1,203,771	\$1,188,607	\$1,173,442	\$1,158,278	\$1,143,114	1,173,442
23	Unamortized Debt Issuance Costs (\$550M)	507,719	\$494,068	\$487,880	\$481,691	\$475,503	489,372
24	Unamortized Debt Issuance Costs (\$250M 2012)	517,287	\$466,999	\$461,848	\$456,697	\$451,547	470,875
25	Unamortized Debt Issuance Costs (\$350M 2018)	440,970	\$503,422	\$488,319	\$473,216	\$458,114	472,808
26	Unamortized Debt Issuance Costs (\$600M 2020)	-	-	\$885,054	\$862,287	\$839,520	517,372
27							
28	Subtotal	\$ 10,126,749	\$ 10,461,644	\$ 10,630,384	\$ 11,089,543	\$ 10,409,948	\$ 10,543,654
29							
30	Less:						
31	Accumulated Deferred Federal Income Taxes ("FIT")	\$ 140,291,084	\$ 151,254,113	\$ 136,938,646	\$ 133,244,227	\$ 133,491,140	\$ 139,043,842
32	Block Island Transmission System (BITS) ADIT	21,894,733	21,996,425	22,021,925	22,047,426	22,072,927	22,006,687
33	Accumulated Deferred FIT on Loss on Reacquired Debt	166,979	164,428	160,590	156,494	156,018	160,902
34	Customer Deposits	-	-	-	-	-	-
35							
36	Subtotal	\$ 162,352,797	\$ 173,414,965	\$ 159,121,161	\$ 155,448,147	\$ 155,720,084	\$ 161,211,431
37							
38	Rate Base	\$ 766,648,748	\$ 757,379,241	\$ 772,185,601	\$ 768,617,068	\$ 799,921,612	\$ 772,950,454

**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 2019	(b) March 2020	(c) June 2020	(d) September 2020	(e) December 2020	(f) 5-Quarter Average
1	Utility Plant in Service	\$ 2,684,143,197	\$ 2,724,496,464	\$ 2,748,812,092	\$ 2,768,291,152	\$ 2,836,672,540	\$ 2,752,483,089
2	IFA allocated Plant	6,693,216	6,367,947	6,366,314	6,382,786	7,204,993	6,603,051
3	Block Island Transmission System (BITS) Assets	115,340,155	115,491,785	115,645,429	115,702,598	115,727,667	115,581,527
4	Total Utility Plant in Service	<u>\$ 2,806,176,569</u>	<u>\$ 2,846,356,196</u>	<u>\$ 2,870,823,835</u>	<u>\$ 2,890,376,536</u>	<u>\$ 2,959,605,199</u>	<u>\$ 2,874,667,667</u>
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	629,316	447,216	629,316	409,716	447,216	512,556
9	Less: Accumulated Depreciation	857,790,767	865,255,668	877,743,459	891,258,737	900,382,237	878,486,174
10	Less: IFA allocated Depreciation	1,528,837	1,478,982	1,512,283	1,551,941	1,590,588	1,532,526
11	Less: Block Island Transmission System (BITS) Depreciation	7,404,134	8,599,936	9,327,185	10,054,695	10,782,481	9,233,686
12	Total Accumulated Depreciation	<u>866,723,738</u>	<u>875,334,587</u>	<u>888,582,927</u>	<u>902,865,373</u>	<u>912,755,305</u>	<u>889,252,386</u>
13							
14	Net Plant in Service	<u>\$ 1,953,851,576</u>	<u>\$ 1,985,602,454</u>	<u>\$ 1,996,639,653</u>	<u>\$ 2,002,129,508</u>	<u>\$ 2,061,430,739</u>	<u>\$ 1,999,930,786</u>
15							
16	Plus:						
17	Materials and Supplies	\$ 6,246,853	\$ 5,048,086	\$ 7,157,606	\$ 4,038,863	\$ 3,884,764	\$ 5,275,234
18	Prepayments	112,463	2,179,953	3,675,717	2,615,554	2,748,178	2,266,373
19	Loss on Reacquired Debt	2,373,744	2,327,555	2,281,366	2,235,178	2,188,989	2,281,366
20	Cash Working Capital	21,657,666	21,636,879	21,312,697	21,460,962	20,646,270	21,342,895
21	Cash Working Capital - Commodity & Gross Receipts Tax	40,289,969	43,982,259	43,982,259	43,982,259	43,982,259	43,243,801
22	Unamortized Interest Rate Lock	3,148,824	3,109,157	3,069,490	3,029,822	2,990,155	3,069,490
23	Unamortized Debt Issuance Costs (\$550M)	1,328,103	1,292,395	1,276,207	1,260,018	1,243,829	1,280,110
24	Unamortized Debt Issuance Costs (\$250M 2012)	1,353,129	1,221,584	1,208,111	1,194,637	1,181,164	1,231,725
25	Unamortized Debt Issuance Costs (\$350M 2018)	967,342	1,104,340	1,071,210	1,038,080	1,004,950	1,037,184
26	Unamortized Debt Issuance Costs (\$600M 2020)	-	-	1,941,516	1,891,573	1,841,629	1,134,944
27							
28	Subtotal	<u>\$ 77,478,092</u>	<u>\$ 81,902,208</u>	<u>\$ 86,976,178</u>	<u>\$ 82,746,946</u>	<u>\$ 81,712,187</u>	<u>\$ 82,163,122</u>
29							
30	Less:						
31	Accumulated Deferred Federal Income Taxes (FIT)	\$ 350,458,789	\$ 354,057,527	\$ 352,161,766	\$ 350,122,136	\$ 353,185,569	\$ 351,997,157
32	Block Island Transmission System (BITS) ADIT	21,894,733	21,996,425	22,021,925	22,047,426	22,072,927	22,006,687
33	Accumulated Deferred FIT on Loss on Reacquired Debt	498,486	488,787	479,087	469,387	459,688	479,087
34	Customer Deposits	10,253,679	9,727,673	10,573,489	9,641,757	9,999,649	10,039,249
35							
36	Subtotal	<u>\$ 383,105,688</u>	<u>\$ 386,270,411</u>	<u>\$ 385,236,267</u>	<u>\$ 382,280,706</u>	<u>\$ 385,717,832</u>	<u>\$ 384,522,181</u>
37							
38	Rate Base	<u>\$ 1,648,223,980</u>	<u>\$ 1,681,234,251</u>	<u>\$ 1,698,379,564</u>	<u>\$ 1,702,595,748</u>	<u>\$ 1,757,425,094</u>	<u>\$ 1,697,571,727</u>

**Line Notes**

38 Line 14 + Line 28 - Line 36

**THE NARRAGANSETT ELECTRIC COMPANY**  
**Calculation of Excess Earnings for Twelve months ended December 31, 2020**  
(\$000)

Line

1	Base Distribution Earnings Available for Common	\$50,878 (a)		
2				
3				
4	Actual Average Common Equity	\$471,095 (a)		
5				
6				Customer
7	Average Annual Return	<u>10.8000%</u> (b)		<u>Share</u>
8				
9	ROE in 50%/50% Bandwith (>9.275%, <10.275%)	1.0000% * 50.00%	=	0.5000%
10	ROE in 75%/25% Bandwith (>10.275%)	<u>0.5250%</u> * 75.00%	=	<u>0.3938%</u>
11				
12	Total Customer ROE Sharing			<u>0.8938%</u>
13	Actual Average Common Equity			<u>\$471,095</u>
14				
15	Actual Annual Customer Shared Earnings			\$4,211
16	Tax Gross-up			/ 79.00%
17				
18	Annual Customer Shared Earnings - Pre-tax			<u>5,330</u>
19				
20	Total Customer Shared Earnings for the twelve months ending December 31, 2020			<u>\$ 5,330</u>

Notes

- (a) From Page 2 of 7 Line 17 and Line 19  
(b) Line 1 divided by Line 4; equals Page 2 of 7 Line 21

**National Grid - RI Gas  
Gas Earnings Sharing Mechanism  
For the Twelve Months ended December 31, 2020**

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**National Grid - RI Gas  
Gas Earnings Sharing Mechanism  
For the Twelve Months ended December 31, 2020**

1	Average Rate Base	\$993,192,574	
2	Equity Component of Rate Base	50.95%	
3	Average Common Equity	<u>\$506,031,617</u>	
4			
5	Actual Total Earnings	\$41,385,628	
6	Return on Common Equity with Incentives	8.18%	
7			
8	Less incentives:		
9	Energy Efficiency shareholder incentive	\$366,449	0.07%
10	Natural Gas Portfolio Management Plan	\$687,325	0.14%
11	Gas Procurement Incentive Plan	\$0	0.00%
12		<u>\$1,053,774</u>	
13			
14	Base Earnings	\$40,331,854	
15	Return on Common Equity without Incentives	<u>7.97%</u>	
16			
17	<u>Return on Equity &gt; 9.275% and &lt; 10.275%</u>	0.00%	
18	Earnings to be Shared	\$0	
19	Earnings to Customers - 50%	<u>\$0</u>	
20			
21	Return on Equity > 10.275%	0.00%	
22	Earnings to be Shared	\$0	
23	Earnings to Customers - 75%	<u>\$0</u>	
24			
25	Total After tax Earnings Credited to Customers	<u>\$0</u>	
26			
27	Total Earnings Credited to DAC	<u>\$0</u>	

Notes:

- 1 From line 24(f)
- 2 From 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 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, 2020**

	<u>Income Statement</u>	<u>Adjustments</u>	<u>2020</u>
	(a)	(b)	(c)
<b>1</b>	<b><u>Operating Revenues</u></b>		
<b>2</b>	Total Firm Gas	(\$3,222,481)	\$361,993,781
<b>3</b>	Transportation	(\$157,730)	\$49,002,025
<b>4</b>	Other Revenues	\$2,206,748	\$27,918,827
<b>5</b>	Total Operating Revenues	(\$1,173,463)	\$438,914,633
<b>6</b>			
<b>7</b>	<i>Adjustment to Operating Revenue:</i>		
<b>8</b>	Inventory Financing	(\$1,052,062)	(\$1,052,062)
<b>9</b>	Total Adjusted Operating Revenues	(\$2,225,525)	\$437,862,571
<b>10</b>			
<b>11</b>	<b><u>Operating Expenses</u></b>		
<b>12</b>	Production (Gas Costs)		\$155,621,869
<b>13</b>	Storage		\$3,288,544
<b>14</b>	Transmission		\$3,885,327
<b>15</b>	Distribution	(\$52,339)	\$27,826,079
<b>16</b>	Customer Accounts	(\$12,693,131)	\$38,507,260
<b>17</b>	Sales	(\$254,397)	\$0
<b>18</b>	Administrative and General	(\$1,107,052)	\$49,221,508
<b>19</b>	Total Operating Expenses	(\$14,106,918)	\$278,350,587
<b>20</b>			
<b>21</b>	<b><u>Other Expenses</u></b>		
<b>22</b>	Depreciation and Amortization		\$44,622,779
<b>23</b>	Local and Other Taxes		\$30,993,002
<b>24</b>	Revenue Related Taxes (Gross Earnings Tax - GET)		\$12,808,581
<b>25</b>	Federal Income Taxes @ 21%	2,423,904	\$9,298,661
<b>26</b>	Total Other Expenses	\$2,423,904	\$97,723,024
<b>27</b>			
<b>28</b>	<b>Income Before Interest Expense</b>	<b>\$9,457,489</b>	<b>\$61,788,961</b>
<b>29</b>			
<b>30</b>	<b><u>Interest Expense</u></b>		
<b>31</b>	Other Income/Expenses	\$1,243,993	\$0
<b>32</b>	Short-Term Debt	\$124,546	\$124,546
<b>33</b>	Long-Term Debt	\$19,567,006	\$21,513,346
<b>34</b>	Other Interest Expense	(349,231)	\$44,704
<b>35</b>	AFUDC	(\$270,182)	(\$270,182)
<b>36</b>	Total Interest Expense	\$20,586,314	\$21,412,413
<b>37</b>			
<b>38</b>	<b>Net Income / (Loss)</b>	<b>(\$11,128,825)</b>	<b>\$40,376,547</b>
<b>39</b>			
<b>40</b>	Preferred Dividends	\$44,694	\$44,694
<b>41</b>			
<b>42</b>	<b>Net Income / (Loss) Applicable to Common Equity</b>	<b>(\$11,173,519)</b>	<b>\$40,331,854</b>

Notes:

- (a) From Company Financial Statements
- 1(b)-19(b) From
  - (c) (a) + (b)
  - 4 From line 26
  - 23 From line 3 through 5
  - 24 From line 6
  - 25 From line 24
  - 31 From line 25
  - 32 From line 25(b)
  - 33 From line 17(b)
  - 34 From line 3
  - 40 From line 34(b)

**National Grid - RI Gas  
Federal Income Tax Calculation  
For the Twelve Months ended December 31, 2020**

1	Operating Revenues	\$437,862,571
2		
3	Less:	
4		
5	Operating Expenses	\$278,350,587
6	Depreciation and Amortization	\$44,622,779
7	Local and Other Taxes	\$30,993,002
8	Revenue Related Taxes (GET)	\$12,808,581
9	Interest - Short-Term Debt	\$124,546
10	Interest - Long-Term Debt	\$21,513,346
11	Other Interest	\$44,704
12	AFUDC	<u>(\$270,182)</u>
13		
14	Total Deductions	<u>\$388,187,363</u>
15		
16	Taxable Income	\$49,675,208
17		
18	Federal Income Tax Rate	<u>21.00%</u>
19		
20	Imputed Federal Income Tax Expense	\$10,431,794
21		
22	Amortization of EDIT	(\$1,133,133)
23		
24	Net Federal Income Tax Expense	<u><u>\$9,298,661</u></u>

Notes:

- 1 From line 9(c)
- 5 From line 19(c)
- 6 From line 22(c)
- 7 From line 23(c)
- 8 From line 24(c)
- 9 From line 32(c)
- 10 From line 33(c)
- 11 From line 34(c)
- 12 From 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

**National Grid - RI Gas**  
**Applicable Capital Structure, Interest Expense and Preferred Dividends**  
**For the Twelve Months ended December 31, 2020**

	%	\$
	(a)	(b)
1 Rate Base		\$993,192,574
2		
3 <b>Capital Structure</b>		
4	<u>Docket 4770</u>	
5 Short-Term Debt	0.60%	\$5,959,155
6 Long-Term Debt	48.35%	\$480,208,610
7 Preferred Stock	0.10%	\$993,193
8 Common Equity	50.95%	\$506,031,617
9	<u>100.00%</u>	<u>\$993,192,574</u>
10 <b>Interest Expense</b>		
11		
12		
13 Long-Term Debt Portion	48.35%	\$480,208,610
14		
15 Cost of Long-Term Debt December 2020		4.48%
16		
17 Proforma Long-Term Debt Interest		<u>\$21,513,346</u>
18		
19		
20		
21 Short-Term Debt Portion	0.60%	\$5,959,155
22		
23 Cost of Short-Term Debt December 2020		2.09%
24		
25 Proforma Short-Term Debt Interest		<u>\$124,546</u>
26		
27 <b>Preferred Dividends</b>		
28		
29		
30 Preferred Stock Portion	0.10%	\$993,193
31		
32 Cost of Preferred Stock		4.50%
33		
34 Proforma Preferred Stock		<u>\$44,694</u>

Notes:

- 1(b) From 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 line 15(g)
- 17 Line 13(b) times line 15(b)
- 21 Line 1(b) times line 21(a)
- 23 From 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, 2020**

	December 2019 (a)	March 2020 (b)	June 2020 (c)	September 2020 (d)	December 2020 (e)	5 Quarter Average December 2020 (f)
1 Gas Plant In Service	\$1,413,654,374	\$1,430,922,859	\$1,489,752,633	\$1,514,308,654	\$1,592,176,337	\$1,488,162,971
2 CWIP	\$80,032,223	\$95,786,546	\$85,475,481	\$110,040,568	\$72,357,430	\$88,738,450
3 Less: Accumulated Depreciation	\$420,277,455	\$427,790,937	\$434,384,429	\$441,405,437	\$447,577,999	\$434,287,251
4 Less: Contribution in Aid of Construction	\$38	\$38	\$38	\$38	\$38	\$38
5						
6 Net Plant	\$1,073,409,104	\$1,098,918,430	\$1,140,843,647	\$1,182,943,747	\$1,216,955,730	\$1,142,614,132
7						
8 Materials and Supplies	\$4,814,716	\$4,314,297	\$4,611,892	\$3,897,918	\$4,227,699	\$4,373,305
9 Prepaid Expenses, Excluding Taxes	\$4,736	\$693,233	\$421,005	\$481,128	\$1,224,446	\$564,910
10 Deferred Debits	\$1,260,729	\$1,154,184	\$1,047,639	\$941,094	\$834,549	\$1,047,639
11 Unamortized debt expense and Interest Rate Lock	\$1,903,731	\$2,042,432	\$2,838,173	\$2,780,851	\$2,723,530	\$2,457,743
12 Cash Working Capital	\$29,509,617	\$29,081,967	\$29,081,967	\$29,081,967	\$29,081,967	\$29,167,497
13						
14 Subtotal	\$37,493,529	\$37,286,113	\$38,000,676	\$37,182,958	\$38,092,191	\$37,611,093
15						
16 Accumulated Deferred FIT	\$106,427,898	\$110,366,797	\$115,033,649	\$117,792,981	\$119,314,303	\$113,787,125
17 Excess Deferred Tax	\$58,151,908	\$58,151,908	\$58,151,908	\$58,774,217	\$58,852,072	\$58,416,402
18 Excess Deferred Tax Amortization	(\$2,400,119)	(\$2,705,425)	(\$2,952,047)	(\$3,198,669)	(\$3,533,252)	(\$2,957,902)
19 Hold Harmless	\$17,005,095	\$16,408,103	\$15,811,112	\$15,214,120	\$14,617,129	\$15,811,112
20 Customer Deposits	\$2,060,983	\$2,005,287	\$1,981,563	\$1,947,232	\$1,884,503	\$1,975,914
21						
22 Subtotal	\$181,245,764	\$184,226,670	\$188,026,185	\$190,529,882	\$191,134,755	\$187,032,651
23						
24 Rate Base	\$929,656,869	\$951,977,873	\$990,818,138	\$1,029,596,824	\$1,063,913,166	\$993,192,574

Notes:

- 1(a)-4(c) From Company Financial Statements
- 1(f)-4(f) Average of Column (a) through Column (e)
- 6(a)-6(c) 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 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

**National Grid - RI Gas  
Cash Working Capital Calculation  
For the Twelve Months ended December 31, 2020**

1	Gas Costs	\$155,621,869
2	Operating Expenses	\$122,728,718
3	Payroll Taxes	\$2,876,186
4	Property Taxes	\$28,109,530
5	State Taxes Other	\$7,286
6	Revenue Related Taxes (GET)	\$12,808,581
7	Total	\$322,152,170
8		
9	Daily Cash Requirement	\$882,609
10		
11	Net Lag Days	32.95
12		
13	Total Working Capital	\$29,081,967

Notes:

- 1 From line 12(c)
- 2 From line 13(c) through 18(c)
- 3-5 From line 23(c)
- 6 From 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, 2020**

	<u>Income Statement</u>	<u>Adjustments</u>	<u>2020</u>
	(a)	(b)	(c)
1 Rent from Gas Property	\$1,974,400		\$1,974,400
2			
3 Other Revenue	(\$5,632,110)		(\$5,632,110)
4			
5 Excess Sharing	(\$5,222,107)	\$5,222,107	\$0
6			
7 RDM Revenue	\$16,906,627		\$16,906,627
8 Unbilled RDM Revenue		\$746,945	\$746,945
9 Energy Efficiency Shareholder Incentives		(\$366,449)	(\$366,449)
10			
11 Other Revenue - Off System Gas Sales	\$5,802,926	(\$5,802,926)	\$0
12			
13 Other Gas Rev Contract Sharing	\$106,506	(\$106,506)	\$0
14			
15 Other Deferred Revenue	\$14,253,773	(\$6,772,603)	\$7,481,170
16 LIHEAP Revenue		\$6,772,603	\$6,772,603
16			
17 DAC Revenue	(\$2,511,888)		(\$2,511,888)
18 Unbilled DAC Revenue		\$2,436,531	\$2,436,531
19			
20 Recovery of Supervision & Administrative Costs	(\$18,396)		(\$18,396)
21			
22 Misc Revenue	\$52,347	(\$52,347)	\$0
23			
24 Interest on Customer Arrears	\$129,393	\$129,393	\$129,393
25			
26 Total Other Revenue	<u>\$25,712,079</u>	<u>\$2,206,748</u>	<u>\$27,918,827</u>

Notes:

- (a) From Company Financial Statements
- (b) From
- (c) (a) + (b)

**National Grid - RI Gas**  
**Detail Other Interest Expense**  
**For the Twelve Months ended December 31, 2020**

	<u>Income Statement</u>	<u>Adjustments</u>	<u>2020</u>
	(a)	(b)	(c)
1 Interest on Customer Deposits	\$393,934	(\$349,231)	\$44,704
2			
3 Total Other Interest Expense	<u>\$393,934</u>	<u>(\$349,231)</u>	<u>\$44,704</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, 2020**

	<u>Income Statement</u>	<u>Adjustments</u>	<u>2020</u>
	(a)	(b)	(c)
1 Donations	(\$279,496)		(\$279,496)
2			
3 Deferred Compensation - Life Insurance	(\$581)		(\$581)
4			
5 Penalties	(\$486,837)		(\$486,837)
6			
7 Lobbying / Legal and Political Expense	(\$199,486)		(\$199,486)
8			
9 Federal Income Taxes on Non-Operating Income	\$0		\$0
10			
11 Revenue from Non-Utility Operations	\$120,230		\$120,230
12 Expenses of Non-Utility Operations	(\$81,897)	\$81,897	\$0
13 Share Awards		(\$81,897)	(\$81,897)
14			
15 Interest on Over / (Under) Collections, primarily Deferred Gas Costs	\$464,139		\$464,139
16 CSS Revenue - Customer Arrears		(\$129,393)	(\$129,393)
17			
18 Misc Non-Operating Income	\$209,453		\$209,453
19 Miscellaneous Service Revenues		\$52,347	\$52,347
20			
21 Other Deductions	\$1,498,467		\$1,498,467
22			
23 Zero out Non-Operating Income / (Expense)	<u>                    </u>	<u>(\$1,166,948)</u>	<u>(\$1,166,948)</u>
24			
25 Total Non-Operating Income/(Expense)	<u>\$1,243,993</u>	<u>(\$1,243,993)</u>	<u>\$0</u>

Notes:

- (a) From Company Financial Statements
- 16(b) Reclass Interest on Customer Arrears to Other Revenue on , line 24(b)
- 19(b) Reclass Miscellaneous Service Revenues from Other Revenue on , line 22(b)
- 23(b) (Sum of Lines 1(a) through 21(b)) \* -1
- (c) (a) + (b)

**National Grid - RI Gas**  
**Calculation of Average Long-Term Debt Interest Rate**  
**For the Twelve Months ended December 31, 2020**

	Series	Percent (a)	Due (b)	Amount (c)	Annual Interest (d)	Annual Amortization		Cost of Debt (g)
						of DD&E (e)	Total Expense (f)	
1	<u>Senior Unsecured Notes</u>							
2	Senior Notes	4.534%	15-Mar-2020	\$51,388,889	\$2,354,706	\$24,498	\$2,379,204	4.63%
3	Senior Notes	5.638%	15-Mar-2040	\$300,000,000	\$17,065,190	\$82,480	\$17,147,670	5.72%
4	Senior Notes	4.170%	10-Dec-2042	\$250,000,000	\$10,425,000	\$68,583	\$10,493,583	4.20%
5	Senior Notes	3.919%	1-Aug-2028	\$350,000,000	\$13,716,500	\$189,304	\$13,905,804	3.97%
6	Senior Notes	3.395%	9-Apr-2030	\$436,666,667	\$14,824,833	\$207,838	\$15,032,671	3.44%
7	<u>First Mortgage Bonds (*)</u>							
8	Providence Gas FMB N	9.630%	30-May-2020	\$4,166,667	\$401,250	\$1,680	\$402,930	9.67%
9	Providence Gas FMB O	8.460%	30-Sep-2022	\$12,500,000	\$1,057,500	\$4,323	\$1,061,823	8.49%
10	FMB Series P	8.090%	30-Sep-2022	\$1,718,750	\$139,047	\$3,458	\$142,505	8.29%
11	FMB Series R	7.500%	15-Dec-2025	\$4,466,667	\$335,000	\$4,083	\$339,083	7.59%
12								8.52%
13	Total			<u>\$1,410,907,639</u>	<u>\$60,319,026</u>	<u>\$586,247</u>	<u>\$60,905,273</u>	<u>4.32%</u>
14	Electric Operations	70.00%		\$987,635,347	\$41,543,225	\$407,492	\$41,950,717	4.25%
15	Gas Operations	30.00%		\$423,272,292	\$18,775,801	\$178,755	\$18,954,556	4.48%
16	Legacy Debt			\$22,852,083	\$1,932,797	\$13,544	\$1,946,341	8.52%
17	New Debt			\$400,420,208	\$16,843,005	\$165,211	\$17,008,215	4.25%
18								
19	Total			<u>\$1,410,907,639</u>	<u>\$60,319,026</u>	<u>\$586,247</u>	<u>\$60,905,273</u>	<u>4.32%</u>

Notes:

- 1-11 From Financial Statements
- 13 Sum of Lines 1-11
- 14(c) Line 13 \* Line 14(a)
- 14(d) Sum of Lines 2(d) through 6(d) \* Line 14(a) / Sum of Lines 2(c) through 6(c)
- 14(e) Sum of Lines 2(e) through 6(e) \* Line 14(a) / Sum of Lines 2(c) through 6(c)
- 15(e)-15(e) Line 16 + Line 17
- 16(c)-16(e) Sum of Lines 8 through 11
- 17(c)-17(e) Sum of Lines 2 through 6, - Line 14
- (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, 2020**

		(a)	(b)	(c)
	<u>Month</u>	<u>Average Short-Term Debt Balance</u>	<u>Weighted Cost Rate</u>	<u>Short-Term Interest Expense</u>
1	Jan-20	\$139,044,928	2.18%	\$244,776
2	Feb-20	\$142,250,521	2.01%	\$223,647
3	Mar-20	\$232,682,175	1.97%	\$375,623
4	Apr-20	\$82,848,299	2.36%	\$194,121
5	May-20	\$0	1.85%	\$0
6	Jun-20	\$0	1.03%	\$0
7	Jul-20	\$0	0.37%	\$0
8	Aug-20	\$0	0.25%	\$0
9	Sep-20	\$0	0.18%	\$0
10	Oct-20	\$0	0.47%	\$0
11	Nov-20	\$0	0.18%	\$0
12	Dec-20	\$0	0.20%	\$0
13				
14	Average	\$49,735,494	2.09%	\$1,038,167

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, 2020**

THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
RIPUC Docket No. 4770  
Schedule MAL-11-GAS  
Page 9 of 23

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)
1 Balance at June 30, 2017			\$21,532,971
2			
3 Subsequent 2 months			(\$253,030)
4			
5 Balance at August 31, 2017			\$21,279,942
6			
7			
8 Increase/(Decrease) 12 Months Ended	08/31/18		(\$1,674,988.40)
9			
10 Balance at August 31, 2018			\$19,604,953
11	09/30/18	(\$146,116)	\$19,458,837
12	10/31/18	(\$146,116)	\$19,312,721
13	11/30/18	(\$146,116)	\$19,166,605
14	12/31/18	(\$146,116)	\$19,020,489
15	01/31/19	(\$167,950)	\$18,852,539
16	02/28/19	(\$167,950)	\$18,684,590
17	03/31/19	(\$167,950)	\$18,516,640
18	04/30/19	(\$167,950)	\$18,348,691
19	05/31/19	(\$167,950)	\$18,180,741
20	06/30/19	(\$167,950)	\$18,012,792
21	07/31/19	(\$167,950)	\$17,844,842
22 Balance at August 31, 2019	08/31/19	(\$167,950)	\$17,676,893
23			
24 Rate Year 1 Merger Hold Harmless - 5 Quarter Average			\$18,662,756

THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
RIPUC Docket No. 4770  
Schedule MAL-11-GAS  
Page 10 of 23

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)
1 Balance at August 31, 2019			\$17,676,893
2	09/30/19	(\$167,950)	\$17,508,943
3	10/31/19	(\$167,950)	\$17,340,994
4	11/30/19	(\$167,950)	\$17,173,044
5	12/31/19	(\$167,950)	\$17,005,095
6	01/31/20	(\$198,997)	\$16,806,098
7	02/29/20	(\$198,997)	\$16,607,100
8	03/31/20	(\$198,997)	\$16,408,103
9	04/30/20	(\$198,997)	\$16,209,106
10	05/31/20	(\$198,997)	\$16,010,109
11	06/30/20	(\$198,997)	\$15,811,112
12	07/31/20	(\$198,997)	\$15,612,115
13 Balance at August 31, 2020	08/31/20	(\$198,997)	\$15,413,118
14			
15 Rate Year 2 Merger Hold Harmless - 5 Quarter Average			\$16,376,053
16			
17 Balance at August 31, 2020			\$15,413,118
18	09/30/20	(\$198,997)	\$15,214,120
19	10/31/20	(\$198,997)	\$15,015,123
20	11/30/20	(\$198,997)	\$14,816,126
21	12/31/20	(\$198,997)	\$14,617,129
22	01/31/21	(\$223,582)	\$14,393,547
23	02/28/21	(\$223,582)	\$14,169,965
24	03/31/21	(\$223,582)	\$13,946,383
25	04/30/21	(\$223,582)	\$13,722,802
26	05/31/21	(\$223,582)	\$13,499,220
27	06/30/21	(\$223,582)	\$13,275,638
28	07/31/21	(\$223,582)	\$13,052,056
29 Balance at August 31, 2021	08/31/21	(\$223,582)	\$12,828,474
30			
31 Rate Year 3 Merger Hold Harmless - 5 Quarter Average			\$14,145,381



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, 2020

1	<b><u>Operating Revenues</u></b>	
2	<b>Gas Operating Revenues shown on Page 301, Line 1(f) of the Annual Report</b>	<b>\$365,216,261</b>
3	1 Unbilled Revenue Net Margin	(\$4,238,889)
4	2 Unbilled Energy Efficiency	\$1,016,408
5	<b>Gas Earnings Sharing Mechanism, Page 2, Total Firm Gas Revenues</b>	<b>\$361,993,780</b>
6		
7	<b>Revenues from Transportation shown on Page 301, Line 7(f) of the Annual Report</b>	<b>\$49,159,755</b>
8	1 Unbilled Transportation	(\$157,730)
9	<b>Gas Earnings Sharing Mechanism, Page 2, Transportation Revenues</b>	<b>\$49,002,025</b>
10		
11	<b>Forfeited Discounts shown on Page 301, Line 3(f) of the Annual Report</b>	<b>\$0</b>
12	<b>Miscellaneous Service Revenues shown on Page 301, Line 4(f) of the Annual Report</b>	<b>\$52,347</b>
13	<b>Rent from Gas Property shown on Page 301, Line 12(f) of the Annual Report</b>	<b>\$1,974,400</b>
14	<b>Other Gas Revenues shown on Page 301, Line 14(f) of the Annual Report</b>	<b>\$23,685,333</b>
15	1 Excess Sharing	\$5,222,107
16	2 Unbilled RDM	\$746,945
17	3 Energy Efficiency Incentives	(\$366,449)
18	4 Off System Gas Sales	(\$5,802,926)
19	5 Contract Sharing	(\$106,506)
20	6 Unbilled DAC	\$2,436,531
21	7 Miscellaneous Service Revenues	(\$52,347)
22	8 CSS Revenue - Customer Arrears	\$129,393
23	<b>Gas Earnings Sharing Mechanism, Page 2, Other Revenues</b>	<b>27,918,828</b>
24		
25	<b>Inventory Financing</b>	<b>(\$1,052,062)</b>
26		
27		
28	<b><u>Operating Expenses</u></b>	
29	<b>Production expenses shown on Page 320 of the Annual Report</b>	<b>\$155,621,869</b>
30	<b>Gas Earnings Sharing Mechanism, Page 2, Production (Gas Costs)</b>	<b>\$155,621,869</b>
31		
32	<b>Natural Gas Storage expenses shown on Page 322 of the Annual Report</b>	<b>\$3,288,542</b>
33	<b>Gas Earnings Sharing Mechanism, Page 2, Storage</b>	<b>\$3,288,542</b>
34		
35	<b>Transmission expenses shown on Page 323 of the Annual Report</b>	<b>\$3,885,328</b>
36	<b>Gas Earnings Sharing Mechanism, Page 2, Transmission</b>	<b>\$3,885,328</b>
37		
38	<b>Distribution expenses shown on Page 324 of the Annual Report</b>	<b>\$27,878,418</b>
39	1 Normalize Aquidneck Island event expense	(\$52,339)
40	<b>Gas Earnings Sharing Mechanism, Page 2, Distribution</b>	<b>\$27,826,079</b>
41		
42	<b>Customer Accounts expenses shown on Pages 324-325 of the Annual Report</b>	<b>\$25,527,809</b>
43	<b>Customer Service &amp; Information expenses shown on Pages 325 of the Annual Report</b>	<b>\$25,672,580</b>
44	1 Zero out Uncollectible Accounts per books	(\$18,537,657)
45	2 Add Bad Debt Charge-Offs	\$5,844,526
46	<b>Gas Earnings Sharing Mechanism, Page 2, Customer Accounts</b>	<b>\$38,507,258</b>
47		
48	<b>Sales expenses shown on Page 325 of the Annual Report</b>	<b>\$254,395</b>
49	1 Remove Sales expenses	(\$254,395)
50	<b>Gas Earnings Sharing Mechanism, Page 2, Sales</b>	<b>\$0</b>
51		
52	<b>Administrative and General expenses shown on Page 325 of the Annual Report</b>	<b>\$50,328,559</b>
53	1 Exclude Executive Variable Compensation not charged to customers	(\$242,300)
54	2 Service Company excess deferred federal income taxes per Docket No. 4770 Excess Deferred Income Tax True-Up – Second Compliance Filing dated May 30, 2019, Second Compliance Attachment 31, Page 1	(\$722,508)
55	3 Normalize Aquidneck Island event expense	(\$142,244)
56	<b>Gas Earnings Sharing Mechanism, Page 2, Administrative and General</b>	<b>\$49,221,507</b>

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

Line No.	Twelve Months Ending December 31, 2021						
	Base Earnings	Actual Earnings	Allowed	Ceiling			
1							
2	<u>1/</u>	<u>2/</u>	<u>3/</u>	<u>3/</u>			
3	Return on Distribution Rate Base	7.46%	7.98%	6.97%	6.97%		
4							
5	Return on Distribution Common Equity	10.14%	11.26%	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.					
10		----- Per Amended Settlement Agreement in Docket 4770 -----					
11		Allowed		Ceiling			
12		Cost Rate	Weighted Cost	Cost Rate	Weighted Cost		
13		Total					
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			<u>100.00%</u>		<u>6.97%</u>		<u>6.97%</u>
20							
21							
22		----- EARNED -----					
23		Amount	Total	Cost Rate	Weighted Cost	Taxes	Pre-Tax Weighted Cost
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%
29		Common Equity	\$505,266,022	50.95%	10.14%	5.17%	6.31%
30		5-Quarter Average					
31		Distribution Rate Base as of					
32		Dec 31, 2021	\$991,689,936 4/	100.00%	7.41%	1.14%	8.55%
33	4/	, Line 38, Column (f)					
34	5/	includes adj. for Flowthrough Items below					
35							
36		<u>PREFERRED STOCK EARNINGS, INTEREST EXPENSE,</u>					
37		<u>AND FEDERAL INCOME TAX</u>					
38		<u>CALCULATED USING IMPUTED CAPITAL STRUCTURE</u>					
39							
40					\$000s		
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	1.38% (c)	=	\$13,636	
45		Plus: Flowthrough Items		(d)		(\$2,334)	
46		Total Federal Income Taxes ("FIT")				\$11,302	
47							
48	(a)	From Line 28, Column "Weighted Cost"					
49	(b)	Sum of Lines 26 and 27, Column "Weighted Cost".					
50	(c)	(0.00% + 5.17%) / 79% - (0.00% + 5.17%)					
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)**

<u>Line</u> <u>No.</u>		Return on Equity			Return on Rate Base			
		Base Earnings	Basis	Actual	Base Earnings	Basis	Actual	
		(a)	(b)	(c)	(d)	(e)	(f)	
1	Distribution Operating Income Before Taxes	\$91,973		\$91,973	\$91,973		\$91,973	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	\$84,813		\$91,973	\$85,435		\$91,973	4/
11	Interest Charges	\$22,214		\$22,214	\$22,214		\$22,214	5/
12	Income Taxes @ 21% net of flowthrough	\$11,302	-0.30%	\$12,806	\$11,433	-0.14%	\$12,806	6/
13								
14	Net Income	\$51,297		\$56,954	\$74,002		\$79,168	7/
15								
16	Less: Preferred Stock Requirements	\$45		\$45	\$45		\$45	5/
17	Earnings Available for Common	\$51,252		\$56,909	\$74,002		\$79,168	8/
18								
19	Average Common Equity - 5-Quarter Average	\$505,266		\$505,266	\$991,690		\$991,690	9/
20								
21	<b>Rate of Return on Adjusted Average Common Equity</b>	<b>10.14%</b>		<b>11.26%</b>	<b>7.46%</b>		<b>7.98%</b>	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 , Lines 42, 41, 29, and 30  
6/ , 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 , 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 (a)	Less: Integrated Facilities Agreement (IFA) Amounts Billed to New England Power Co. (b)	Less: Billed Block Island Transmission System Credits and Actual Expenses (c)	Add: Other Adjustments (d)	Electric Distribution Amount w/o BITS Per Schedules (e) = (a)-(b)-(c)+(d)	Add: Actual Block Island Transmission System Excess Revenue and Expenses (f)	Electric Distribution Amount w/ BITS Per Schedules (g) = (e) + (f)
1	Revenue - Sales of Electricity				\$336,259		\$336,259
2	Other Revenue			\$2,195	\$765,591		\$765,591
3	Total Revenue				\$1,101,850	\$0	\$1,101,850
4	Operating Expenses:						
5	Purchased Power				\$336,278		\$336,278
6	Transmission Wheeling				\$237,371		\$237,371
7	Transmission Wheeling - IFA and BITS Credit	(\$157,351)	(\$140,270)	(\$17,081)	(\$0)	(\$12,920)	(\$12,920)
8	Uncollectible Expense	\$10,629			\$14,128		\$14,128
9	Genl & Admin. O&M	\$141,580	\$17,012		\$124,568		\$124,568
10	All Other Operation & Maintenance ("O&M") expe	\$179,545	\$11,505	\$225	\$166,128	\$225	\$166,353
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		\$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
23	Donations	\$0		\$0	\$0		\$0
24	Total Operating Expenses	\$972,348	(\$66,460)	(\$13,685)	(\$33,092)	\$1,019,401	(\$9,524)
25							
26	Net Operating Income	\$127,307					
27	Distribution Operating Income Before Taxes				\$82,450		\$91,973

**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 Electric (\$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	<u>\$ 1,853,918,047</u>	<u>\$ 1,881,087,601</u>	<u>\$ 1,900,141,233</u>	<u>\$ 1,928,293,515</u>	<u>\$ 1,950,804,206</u>	<u>\$ 1,902,848,920</u>
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	<u>739,767,883</u>	<u>745,939,390</u>	<u>754,934,642</u>	<u>762,403,274</u>	<u>768,596,795</u>	<u>754,328,397</u>
13							
14	Net Plant in Service	<u>\$ 1,116,198,990</u>	<u>\$ 1,137,197,037</u>	<u>\$ 1,147,330,418</u>	<u>\$ 1,168,126,567</u>	<u>\$ 1,184,443,738</u>	<u>\$ 1,150,659,350</u>
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	<u>\$ 71,302,239</u>	<u>\$ 74,720,383</u>	<u>\$ 73,295,459</u>	<u>\$ 73,477,008</u>	<u>\$ 74,600,952</u>	<u>\$ 73,479,208</u>
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	<u>\$ 229,997,748</u>	<u>\$ 233,424,138</u>	<u>\$ 234,995,193</u>	<u>\$ 233,864,707</u>	<u>\$ 229,961,327</u>	<u>\$ 232,448,623</u>
37							
38	Rate Base	<u>\$ 957,503,482</u>	<u>\$ 978,493,282</u>	<u>\$ 985,630,683</u>	<u>\$ 1,007,738,869</u>	<u>\$ 1,029,083,363</u>	<u>\$ 991,689,936</u>

**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	<u>\$ 1,105,687,152</u>	<u>\$ 1,114,187,059</u>	<u>\$ 1,122,569,879</u>	<u>\$ 1,123,518,778</u>	<u>\$ 1,125,939,183</u>	<u>\$ 1,118,380,410</u>
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	<u>172,987,422</u>	<u>179,953,312</u>	<u>186,727,663</u>	<u>193,675,582</u>	<u>199,456,251</u>	<u>186,560,046</u>
13							
14	Net Plant in Service	<u>\$ 945,231,749</u>	<u>\$ 946,765,766</u>	<u>\$ 948,374,234</u>	<u>\$ 942,375,215</u>	<u>\$ 939,014,950</u>	<u>\$ 944,352,383</u>
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	<u>\$ 10,409,948</u>	<u>\$ 11,746,701</u>	<u>\$ 10,295,348</u>	<u>\$ 13,332,002</u>	<u>\$ 10,931,117</u>	<u>\$ 11,343,023</u>
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	<u>\$ 155,720,084</u>	<u>\$ 161,745,581</u>	<u>\$ 161,660,532</u>	<u>\$ 162,239,112</u>	<u>\$ 164,062,568</u>	<u>\$ 161,085,575</u>
37							
38	Rate Base	<u>\$ 799,921,612</u>	<u>\$ 796,766,886</u>	<u>\$ 797,009,051</u>	<u>\$ 793,468,106</u>	<u>\$ 785,883,499</u>	<u>\$ 794,609,831</u>

**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	<u>\$ 2,959,605,199</u>	<u>\$ 2,995,274,660</u>	<u>\$ 3,022,711,112</u>	<u>\$ 3,051,812,293</u>	<u>\$ 3,076,743,389</u>	<u>\$ 3,021,229,331</u>
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	<u>912,755,305</u>	<u>925,892,702</u>	<u>941,662,305</u>	<u>956,078,856</u>	<u>968,053,046</u>	<u>940,888,443</u>
13							
14	Net Plant in Service	<u>\$ 2,061,430,739</u>	<u>\$ 2,083,962,803</u>	<u>\$ 2,095,704,652</u>	<u>\$ 2,110,501,782</u>	<u>\$ 2,123,458,688</u>	<u>\$ 2,095,011,733</u>
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	<u>\$ 81,712,187</u>	<u>\$ 86,467,084</u>	<u>\$ 83,590,807</u>	<u>\$ 86,809,011</u>	<u>\$ 85,532,069</u>	<u>\$ 84,822,231</u>
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	<u>\$ 385,717,832</u>	<u>\$ 395,169,719</u>	<u>\$ 396,655,725</u>	<u>\$ 396,103,818</u>	<u>\$ 394,023,895</u>	<u>\$ 393,534,198</u>
37							
38	Rate Base	<u>\$ 1,757,425,094</u>	<u>\$ 1,775,260,168</u>	<u>\$ 1,782,639,734</u>	<u>\$ 1,801,206,975</u>	<u>\$ 1,814,966,862</u>	<u>\$ 1,786,299,766</u>

**Line Notes**

38 Line 14 + Line 28 - Line 36



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

Line

1	Base Distribution Earnings Available for Common	\$51,252 (a)		
2				
3				
4	Actual Average Common Equity	\$505,266 (a)		
5				
6				Customer
7	Average Annual Return	<u>10.1400%</u> (b)		Share
8				
9	ROE in 50%/50% Bandwith (>9.275%, <10.275%)	0.8650% * 50.00%	=	0.4325%
10	ROE in 75%/25% Bandwith (>10.275%)	0.0000% * 75.00%	=	0.0000%
11				
12	Total Customer ROE Sharing			0.4325%
13	Actual Average Common Equity			\$505,266
14				
15	Actual Annual Customer Shared Earnings			\$2,186
16	Tax Gross-up			/ 79.00%
17				
18	Annual Customer Shared Earnings - Pre-tax			2,767
19				
20	Total Customer Shared Earnings for the twelve months ending December 31, 2021			<u>\$ 2,767</u>

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

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

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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	\$49,842,902	
6	Return on Common Equity with Incentives	8.66%	
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	\$78,027	0.01%
12		<u>\$1,810,916</u>	
13			
14	Base Earnings	\$48,031,986	
15	Return on Common Equity without Incentives	<u>8.35%</u>	
16			
17	<u>Return on Equity &gt; 9.275% and &lt; 10.275%</u>	0.00%	
18	Earnings to be Shared	\$0	
19	Earnings to Customers - 50%	<u>\$0</u>	
20			
21	Return on Equity > 10.275%	0.00%	
22	Earnings to be Shared	\$0	
23	Earnings to Customers - 75%	<u>\$0</u>	
24			
25	Total After tax Earnings Credited to Customers	<u>\$0</u>	
26			
27	Total Earnings Credited to DAC	<u>\$0</u>	

Notes:

- 1 From line 24(f)
- 2 From 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 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)
1 <b><u>Operating Revenues</u></b>			
2 Total Firm Gas	\$415,379,460	\$5,775,576	\$421,155,036
3 Transportation	\$51,415,604	(\$611,321)	\$50,804,283
4 Other Revenues	<b>\$10,956,779</b>	(\$758,527)	<b>\$10,198,252</b>
5 Total Operating Revenues	<b>\$477,751,843</b>	<b>\$4,405,728</b>	<b>\$482,157,571</b>
6			
7 <i>Adjustment to Operating Revenue:</i>			
8 Inventory Financing		(\$876,876)	(\$876,876)
9 Total Adjusted Operating Revenues	<b>\$477,751,843</b>	<b>\$3,528,852</b>	<b>\$481,280,695</b>
10			
11 <b><u>Operating Expenses</u></b>			
12 Production (Gas Costs)	\$162,728,301		\$162,728,301
13 Storage	\$3,636,091		\$3,636,091
14 Transmission	\$3,665,036		\$3,665,036
15 Distribution	\$28,852,527		\$28,852,527
16 Customer Accounts	\$48,757,372	\$1,665,695	\$50,423,067
17 Sales	\$247,849	(\$247,849)	\$0
18 Administrative and General	\$52,586,569	(\$710,752)	\$51,875,817
19 Total Operating Expenses	<b>\$300,473,745</b>	<b>\$707,094</b>	<b>\$301,180,839</b>
20			
21 <b><u>Other Expenses</u></b>			
22 Depreciation and Amortization	\$50,410,776		\$50,410,776
23 Local and Other Taxes	\$35,645,134		\$35,645,134
24 Revenue Related Taxes (Gross Earnings Tax - GET)	\$13,257,717		\$13,257,717
25 Federal Income Taxes @ 21%	\$9,380,477	<b>\$1,484,259</b>	<b>\$10,864,736</b>
26 Total Other Expenses	<b>\$108,694,103</b>	<b>\$1,484,259</b>	<b>\$110,178,362</b>
27			
28 <b>Income Before Interest Expense</b>	<b>\$68,583,995</b>	<b>\$1,337,499</b>	<b>\$69,921,494</b>
29			
30 <b><u>Interest Expense</u></b>			
31 Other Income/Expenses	\$645,274	(\$645,274)	\$0
32 Short-Term Debt	\$0	\$0	\$0
33 Long-Term Debt	\$1,436,565	\$22,103,593	\$23,540,158
34 Other Interest Expense	\$327,897	(\$307,666)	\$20,231
35 AFUDC	(\$1,721,715)		(\$1,721,715)
36 Total Interest Expense	<b>\$688,021</b>	<b>\$21,150,654</b>	<b>\$21,838,675</b>
37			
38 <b>Net Income / (Loss)</b>	<b>\$67,895,974</b>	<b>(\$19,813,155)</b>	<b>\$48,082,819</b>
39			
40 Preferred Dividends		\$50,833	\$50,833
41			
42 <b>Net Income / (Loss) Applicable to Common Equity</b>	<b>\$67,895,974</b>	<b>(\$19,863,988)</b>	<b>\$48,031,986</b>

Notes:

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

**National Grid - RI Gas  
Federal Income Tax Calculation  
For the Twelve Months ended December 31, 2021**

1	Operating Revenues	\$481,280,695
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	\$58,947,555
17		
18	Federal Income Tax Rate	<u>21.00%</u>
19		
20	Imputed Federal Income Tax Expense	\$12,378,987
21		
22	Amortization of EDIT	(\$1,514,251)
23		
24	Net Federal Income Tax Expense	<u>\$10,864,736</u>

Notes:

- 1 From line 9(c)
- 5 From line 19(c)
- 6 From line 22(c)
- 7 From line 23(c)
- 8 From line 24(c)
- 9 From line 32(c)
- 10 From line 33(c)
- 11 From line 34(c)
- 12 From 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

**National Grid - RI Gas**  
**Applicable Capital Structure, Interest Expense and Preferred Dividends**  
**For the Twelve Months ended December 31, 2021**

	%	\$
	(a)	(b)
1		\$1,129,628,469
2		
3		
4		
5	0.60%	\$6,777,771
6	48.35%	\$546,175,365
7	0.10%	\$1,129,628
8	50.95%	\$575,545,705
9	100.00%	\$1,129,628,469
10		
11		
12		
13	48.35%	\$546,175,365
14		
15		4.31%
16		
17		\$23,540,158
18		
19		
20		
21	0.60%	\$6,777,771
22		
23		0.00%
24		
25		\$0
26		
27		
28		
29		
30	0.10%	\$1,129,628
31		
32		4.50%
33		
34		\$50,833

Notes:

- 1(b) From 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 line 13(g)
- 17 Line 13(b) times line 15(b)
- 21 Line 1(b) times line 21(a)
- 23 From 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(c) 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 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



**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 line 12(c)
- 2 From line 13(c) through 18(c)
- 3-5 From line 23(c)
- 6 From 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	(\$2,153,500)		(\$2,153,500)
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>\$10,956,779</u>	<u>(\$758,527)</u>	<u>\$10,198,252</u>

Notes:

- (a) From Company Financial Statements
- (b) From
- (c) (a) + (b)

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

	<u><b>Income Statement</b></u>	<u><b>Adjustments</b></u>	<u><b>2021</b></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>\$660,138</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 , line 26(b)
- 19(b) Reclass Miscellaneous Service Revenues from Other Revenue on , 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							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11	Total		<u>\$1,517,310,412</u>	<u>\$63,051,822</u>	<u>\$635,047</u>	<u>\$63,686,869</u>	<u>4.20%</u>
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		<u>\$1,517,310,412</u>	<u>\$63,051,822</u>	<u>\$635,047</u>	<u>\$63,686,869</u>	<u>4.20%</u>

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)	(b)	(c)
	<u>Month</u>	<u>Average Short-Term Debt Balance</u>	<u>Weighted Cost Rate</u>	<u>Short-Term Interest Expense</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	\$0	0.00%	\$0

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  
Page 9 of 23

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)
1 Balance at June 30, 2017			\$21,532,971
2			
3 Subsequent 2 months			<u>(\$253,030)</u>
4			
5 Balance at August 31, 2017			\$21,279,942
6			
7			
8 Increase/(Decrease) 12 Months Ended	08/31/18		(\$1,674,988.40)
9			
10 Balance at August 31, 2018	09/30/18	(\$146,116)	\$19,604,953
11	10/31/18	(\$146,116)	\$19,458,837
12	11/30/18	(\$146,116)	\$19,312,721
13	12/31/18	(\$146,116)	\$19,166,605
14	01/31/19	(\$167,950)	\$19,020,489
15	02/28/19	(\$167,950)	\$18,852,539
16	03/31/19	(\$167,950)	\$18,684,590
17	04/30/19	(\$167,950)	\$18,516,640
18	05/31/19	(\$167,950)	\$18,348,691
19	06/30/19	(\$167,950)	\$18,180,741
20	07/31/19	(\$167,950)	\$18,012,792
21	08/31/19	(\$167,950)	\$17,844,842
22 Balance at August 31, 2019			\$17,676,893
23			
24 Rate Year 1 Merger Hold Harmless - 5 Quarter Average			<u>\$18,662,756</u>

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  
Rate Year 1 Ending August 31, 2019 through Rate Year 2 Ending August 31, 2021

Description	Period (a)	Monthly Expense (b)	Merger Hold Harmless Rate Base Credit (c)
1 Balance at August 31, 2019			\$17,676,893
2	09/30/19	(\$167,950)	\$17,508,943
3	10/31/19	(\$167,950)	\$17,340,994
4	11/30/19	(\$167,950)	\$17,173,044
5	12/31/19	(\$167,950)	\$17,005,095
6	01/31/20	(\$198,997)	\$16,806,098
7	02/29/20	(\$198,997)	\$16,607,100
8	03/31/20	(\$198,997)	\$16,408,103
9	04/30/20	(\$198,997)	\$16,209,106
10	05/31/20	(\$198,997)	\$16,010,109
11	06/30/20	(\$198,997)	\$15,811,112
12	07/31/20	(\$198,997)	\$15,612,115
13 Balance at August 31, 2020	08/31/20	(\$198,997)	\$15,413,118
14			
15 Rate Year 2 Merger Hold Harmless - 5 Quarter Average			<u>\$16,376,033</u>
16			
17 Balance at August 31, 2020			\$15,413,118
18	09/30/20	(\$198,997)	\$15,214,120
19	10/31/20	(\$198,997)	\$15,015,123
20	11/30/20	(\$198,997)	\$14,816,126
21	12/31/20	(\$198,997)	\$14,617,129
22	01/31/21	(\$223,582)	\$14,393,547
23	02/28/21	(\$223,582)	\$14,169,965
24	03/31/21	(\$223,582)	\$13,946,383
25	04/30/21	(\$223,582)	\$13,722,802
26	05/31/21	(\$223,582)	\$13,499,220
27	06/30/21	(\$223,582)	\$13,275,638
28	07/31/21	(\$223,582)	\$13,052,056
29 Balance at August 31, 2021	08/31/21	(\$223,582)	\$12,828,474
30			
31 Rate Year 3 Merger Hold Harmless - 5 Quarter Average			<u>\$14,145,381</u>

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	<b>Operating Revenues</b>	
2	<b>Gas Operating Revenues shown on Page 301, Line 1(f) of the Annual Report</b>	<b>\$415,379,461</b>
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	<b>Gas Earnings Sharing Mechanism, Page 2, Total Firm Gas Revenues</b>	<b>\$421,155,037</b>
7		
8	<b>Revenues from Transportation shown on Page 301, Line 7(f) of the Annual Report</b>	<b>\$51,415,604</b>
9	1 Unbilled Transportation	(\$611,321)
10	<b>Gas Earnings Sharing Mechanism, Page 2, Transportation Revenues</b>	<b>\$50,804,283</b>
11		
12	<b>Forfeited Discounts shown on Page 301, Line 3(f) of the Annual Report</b>	<b>\$0</b>
13	<b>Miscellaneous Service Revenues shown on Page 301, Line 4(f) of the Annual Report</b>	<b>(\$15,120)</b>
14	<b>Rent from Gas Property shown on Page 301, Line 12(f) of the Annual Report</b>	<b>\$2,088,862</b>
15	<b>Other Gas Revenues shown on Page 301, Line 14(f) of the Annual Report</b>	<b>\$8,883,037</b>
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	<b>Gas Earnings Sharing Mechanism, Page 2, Other Revenues</b>	<b>10,198,252</b>
25		
26	<b>Inventory Financing</b>	<b>(\$876,876)</b>
27		
28		
29	<b>Operating Expenses</b>	
30	<b>Production expenses shown on Page 320 of the Annual Report</b>	<b>\$162,728,301</b>
31	<b>Gas Earnings Sharing Mechanism, Page 2, Production (Gas Costs)</b>	<b>\$162,728,301</b>
32		
33	<b>Natural Gas Storage expenses shown on Page 322 of the Annual Report</b>	<b>\$3,636,093</b>
34	<b>Gas Earnings Sharing Mechanism, Page 2, Storage</b>	<b>\$3,636,093</b>
35		
36	<b>Transmission expenses shown on Page 323 of the Annual Report</b>	<b>\$3,665,036</b>
37	<b>Gas Earnings Sharing Mechanism, Page 2, Transmission</b>	<b>\$3,665,036</b>
38		
39	<b>Distribution expenses shown on Page 324 of the Annual Report</b>	<b>\$28,852,529</b>
40	<b>Gas Earnings Sharing Mechanism, Page 2, Distribution</b>	<b>\$28,852,529</b>
41		
42	<b>Customer Accounts expenses shown on Pages 324-325 of the Annual Report</b>	<b>\$12,410,926</b>
43	<b>Customer Service &amp; Information expenses shown on Pages 325 of the Annual Report</b>	<b>\$36,346,445</b>
44	1 Zero out Uncollectible Accounts per books	(\$4,978,756)
45	2 Add Bad Debt Charge-Offs	\$6,644,451
46	<b>Gas Earnings Sharing Mechanism, Page 2, Customer Accounts</b>	<b>\$50,423,066</b>
47		
48	<b>Sales expenses shown on Page 325 of the Annual Report</b>	<b>\$247,847</b>
49	1 Remove Sales expenses	(\$247,847)
50	<b>Gas Earnings Sharing Mechanism, Page 2, Sales</b>	<b>\$0</b>
51		
52	<b>Administrative and General expenses shown on Page 325 of the Annual Report</b>	<b>\$52,586,566</b>
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 Deferred Income Tax True-Up – Second Compliance Filing dated May 30, 2019, Second Compliance Attachment 31, Page 1	(\$39,878)
55		
56		
57	3 Service Company Rents Adjustment	(\$372,515)
58	<b>Gas Earnings Sharing Mechanism, Page 2, Administrative and General</b>	<b>\$51,875,814</b>

**The Narragansett Electric Company**  
**Return on Rate Base**  
**Return on Common Equity**  
**Twelve Months Ended December 31, 2022**

Line No.	Twelve Months Ending December 31, 2022					
	Base Earnings	Actual Earnings	Allowed	Ceiling		
1						
2	<u>1/</u>	<u>2/</u>	<u>3/</u>	<u>3/</u>		
3	Return on Distribution Rate Base	6.56%	6.89%	6.97%	6.97%	
4						
5	Return on Distribution Common Equity	8.35%	9.11%	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.					
10		----- Per Amended Settlement Agreement in Docket 4770 -----				
11		Allowed		Ceiling		
12		Cost Rate	Weighted Cost	Cost Rate	Weighted Cost	
13		Total				
14						
15	Short Term Debt	0.60%	1.76%	0.01%	0.01%	
16	Long Term Debt	48.35%	4.62%	2.23%	2.23%	
17	Preferred Stock	0.10%	4.50%	0.00%	0.00%	
18	Common Equity	50.95%	9.275%	4.73%	4.73%	
19		<u>100.00%</u>	<u>6.97%</u>	<u>6.97%</u>	<u>6.97%</u>	
20						
21						
22		----- EARNED -----				
23		Amount	Total	Cost Rate	Weighted Cost	
24					Taxes	
25					Pre-Tax Weighted Cost	
26	Short Term Debt	\$6,791,081	0.60%	1.76%	0.01%	0.01%
27	Long Term Debt	\$547,247,949	48.35%	4.62%	2.23%	2.23%
28	Preferred Stock	\$1,131,847	0.10%	4.50%	0.00%	0.00%
29	Common Equity	\$576,675,967	50.95%	8.35%	4.25%	5.18%
30	5-Quarter Average					
31	Distribution Rate Base as of					
32	Dec 31, 2022	\$1,131,846,844 4/	100.00%	6.50%	0.93%	7.43%
33	4/ , Line 38, Column (f)					
34	5/ includes adj. for Flowthrough Items below					
35						
36	<u>PREFERRED STOCK EARNINGS, INTEREST EXPENSE,</u>					
37	<u>AND FEDERAL INCOME TAX</u>					
38	<u>CALCULATED USING IMPUTED CAPITAL STRUCTURE</u>					
39						
40					\$000s	
41	PREF. STOCK:	\$1,131,846,844 X	0.00% (a)	=	\$51	
42	INTEREST:	\$1,131,846,844 X	2.24% (b)	=	\$25,353	
43						
44	FIT:	\$1,131,846,844 X	1.13% (c)	=	\$12,809	
45	Plus: Flowthrough Items		(d)		(\$2,317)	
46	Total Federal Income Taxes ("FIT")				\$10,492	
47						
48	(a)	From Line 28, Column "Weighted Cost"				
49	(b)	Sum of Lines 26 and 27, Column "Weighted Cost".				
50	(c)	(0.00% + 4.25%) / 79% - (0.00% + 4.25%)				
51	(d)	Flowthrough Items (tax effected)				
52		Investment Tax Credit ("ITC") Amortization			\$0	
53		ITC Basis Reduction Depreciation			\$0	
54		AFUDC Equity Depreciation			\$107	
55		Unfunded Amortization			\$650	
56		Amortization of Federal Rate Change			(\$3,074)	
57						
58					(\$2,317)	

**THE NARRAGANSETT ELECTRIC COMPANY**  
**Return on Equity Calculation**  
**Return on Rate Base Calculation**  
**Twelve Months Ended December 31, 2022**  
**(\$000s)**

<u>Line No.</u>			<u>Return on Equity</u>			<u>Return on Rate Base</u>			
			<u>Base Earnings (a)</u>	<u>Basis Points (b)</u>	<u>Actual Earnings (c)</u>	<u>Base Earnings (d)</u>	<u>Basis Points (e)</u>	<u>Actual Earnings (f)</u>	
1	Distribution Operating Income Before Taxes	√	\$89,621		\$89,621	\$89,621		\$89,621	1/
2	Adjustments:								
3	Service Quality ("SQ") Penalties Accrued	√	\$0	0.00%		\$0	0.00%		2/, 3/
4	Energy Efficiency Program Incentive	√	(\$1,408)	-0.24%		(\$1,408)	-0.12%		3/
5	System Reliability Procurement Incentives		\$0	0.00%		\$0	0.00%		3/
6	LTCRER Incentive	√	(\$2,572)	-0.45%		(\$2,572)	-0.23%		3/
7	RE Growth Remuneration	√	(\$665)	-0.12%		(\$665)	-0.06%		3/
8	Performance Incentive Mechanism Incentives	√	(\$944)	-0.16%		\$0	0.00%		3/
9									
10	Adjusted Distribution Operating Income Before Taxes	√	\$84,031		\$89,621	\$84,976		\$89,621	4/
11	Interest Charges	√	\$25,353		\$25,353	\$25,353		\$25,353	5/
12	Income Taxes @ 21% net of flowthrough	√	\$10,492	-0.20%	\$11,666	\$10,690	-0.09%	\$11,666	6/
13									
14	Net Income	√	\$48,186		\$52,602	\$74,286		\$77,956	7/
15									
16	Less: Preferred Stock Requirements	√	\$51		\$51	\$51		\$51	5/
17	Earnings Available for Common	√	\$48,135		\$52,551	\$74,286		\$77,956	8/
18									
19	Average Common Equity - 5-Quarter Average	√	\$576,676		\$576,676	\$1,131,847		\$1,131,847	9/
20									
21	Rate of Return on Adjusted Average Common Equity	√	8.35%		9.11%	6.56%		6.89%	10/

**Notes**

- 1/ Line 28  
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/ Sum of Lines 1 thru 8  
5/ Calculated using imputed capital structure and cost rates; see , Lines 42, 41, 29, and 30  
6/ , Line 46  
7/ Column (a) & (c): Line 10 - Line 11 - Line 12. Column (d) & (f): Line 10 - Line 12  
8/ Line 14 - Line 16  
9/ Calculated using imputed capital structure and cost rates; see , Line 29, and Line 30  
10/ Line 17 ÷ Line 19

**THE NARRAGANSETT ELECTRIC COMPANY**  
**Income Statement**  
**Twelve Months Ended December 31, 2022**  
(\$000s)

Line No.		Total Electric Business (a)	Less: Integrated Facilities Agreement (IFA) Amounts Billed to New England Power Co. (b)	Less: Actual Block Island Transmission System Credits and Expenses (c)	Add: Other Adjustments (d)	Electric Distribution Amount w/o BITS Per Schedules (e) = (a)-(b)-(c)+(d)
1	Revenue - Sales of Electricity	\$427,693			\$32,495	\$460,189
2	Other Revenue	\$758,661				\$756,067
3	Total Revenue	\$1,186,354			(\$2,593)	\$1,216,256
4	Operating Expenses:					
5	Purchased Power	\$426,039				\$426,039
6	Transmission Wheeling	\$239,093				\$239,093
7	Transmission Wheeling - IFA and BITS Credit	(\$159,340)	(\$148,448)	(\$10,892)		(\$0)
8	Uncollectible Expense	\$31,086			(\$15,184)	\$15,903
9	Genl & Admin. O&M	\$188,648	\$19,211	\$1,256	(\$32,832)	\$135,350
10	All Other Operation & Maintenance ("O&M") expenses	\$180,012	\$9,679	\$209	(\$861)	\$169,263
11	Company Share of Earned Savings	\$0				\$0
12	Depreciation	\$94,449	\$31,460	\$3,839		\$59,150
13	Amortization of Loss on Reacquired Debt	\$718	\$11		(\$609)	\$98
14	Amortization - Other	\$919				\$919
15	Gross Earnings Tax	\$58,020				\$58,020
16	Municipal Tax	\$86,439	\$14,652	\$231		\$71,556
17	Other Non-Income taxes	(\$45,743)	\$540			(\$46,283)
18	Current and Deferred Income Taxes	\$187,384			(\$187,384)	\$0
19	Regulatory Debits	\$0				\$0
20	Accretion Expense	\$0			\$0	\$0
21	Amortization of ITC	\$0	(\$0)			\$0
22	Interest on Customer Deposits	\$83				\$83
23	Donations	\$0			\$0	\$0
24	Extraordinary Deductions	\$5,000			(\$5,000)	\$0
25	Total Operating Expenses	\$1,292,808	(\$72,894)	(\$5,357)	(\$241,868)	\$1,129,191
26			\$0			
27	Net Operating Income	(\$106,454)	check			
28	Distribution Operating Income Before Taxes					\$87,064

**Notes**

1/	Bill Credit					
	Add: One Time Bill Credit per AG Joint Settlement Agreement	✓	32,495,458			
2/	Property Tax Adjustment					
	Add: Adjustment that relates to Apr-18 - Dec-21	✓	(2,593,349)			
	Total Revenue Normalization Adjustment		(2,593,349)			
3/	Per Page 8 of 8	✓				
4/	Removal of IT/TSA Special Items		(32,831,696)			
5/	Adjustment to all Other Operation & Maintenance expense					
	Variable Pay	✓	(\$410,739)			
	Sales expense	✓	(\$449,920)			
	Total Adjustment		(\$860,659)			
6/	Below the line items brought above the line for ratemaking.					
7/	Reverse write-off of the GBE & IS MOD Investments per settlement agreement	✓	(\$4,999,635)			

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

Attachment PUC 1-3-5

Page 4 of 8

Line No.	Description	(a) December 2021	(b) March 2022	(c) June 2022	(d) September 2022	(e) December 2022	(f) 5-Quarter Average
1	Utility Plant in Service	\$ 1,950,804,206	\$ 1,941,382,210	\$ 1,876,454,529	\$ 1,821,021,553	\$ 2,028,857,503	\$ 1,923,704,000
2	IFA allocated Plant	-	-	-	-	-	-
3	Block Island Transmission System (BITS) Assets	-	-	-	-	-	-
4	Total Distribution Plant	<u>\$ 1,950,804,206</u>	<u>\$ 1,941,382,210</u>	<u>\$ 1,876,454,529</u>	<u>\$ 1,821,021,553</u>	<u>\$ 2,028,857,503</u>	<u>\$ 1,923,704,000</u>
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	259,716	72,216	109,716	(60,632)	69,716	90,146
9	Less: Accumulated Depreciation	768,596,795	774,194,257	784,924,176	795,672,549	805,703,085	785,818,172
10	Less: IFA allocated Depreciation	-	-	-	-	-	-
11	Less: Block Island Transmission System (BITS) Depreciation	-	-	-	-	-	-
12	Total Accumulated Depreciation	<u>768,596,795</u>	<u>774,194,257</u>	<u>784,924,176</u>	<u>795,672,549</u>	<u>805,703,085</u>	<u>785,818,172</u>
13							
14	Net Plant in Service	<u>\$ 1,184,443,738</u>	<u>\$ 1,169,611,779</u>	<u>\$ 1,093,916,679</u>	<u>\$ 1,027,905,678</u>	<u>\$ 1,225,580,745</u>	<u>\$ 1,140,291,724</u>
15							
16	Plus:						
17	Materials and Supplies	\$ 785,776	\$ (33,539)	\$ (44,064)	\$ 61,336	\$ (413,015)	\$ 71,299
18	Prepayments	1,913,602	1,094,375	70,669	20,198	19,948	623,758
19	Loss on Reacquired Debt	1,361,197	1,344,522	1,343,695	1,317,452	1,262,883	1,325,950
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	48,075,148	\$61,462,485	61,462,485	61,462,485	61,462,485	58,785,018
22	Unamortized Interest Rate Lock	\$1,749,030	1,724,527	1,700,024	1,675,521	1,651,018	1,700,024
23	Unamortized Debt Issuance Costs (\$550M)	\$728,327	718,327	708,327	698,328	688,328	708,327
24	Unamortized Debt Issuance Costs (\$250M 2012)	\$696,327	688,004	679,682	671,359	663,036	679,682
25	Unamortized Debt Issuance Costs (\$350M 2018)	\$474,726	456,698	438,671	420,643	402,616	438,671
26	Unamortized Debt Issuance Costs (\$600M 2020)	894,741	867,898	841,056	814,214	787,372	841,056
27							
28	Subtotal	<u>\$ 74,600,952</u>	<u>\$ 86,245,377</u>	<u>\$ 85,122,624</u>	<u>\$ 85,063,615</u>	<u>\$ 84,446,748</u>	<u>\$ 83,095,863</u>
29							
30	Less:						
31	Accumulated Deferred Federal Income Taxes ("FIT")	\$ 219,545,656	\$ 231,319,418	\$ (42,217,866)	\$ (39,014,382)	\$ 47,119,703	\$ 83,350,506
32	Block Island Transmission System (BITS) ADIT	-	-	-	-	-	-
33	Accumulated Deferred FIT on Loss on Reacquired Debt	285,851	282,350	282,176	276,665	265,205	278,449
34	Customer Deposits	10,129,820	7,547,269	7,416,760	7,397,028	7,068,062	7,911,788
35							
36	Subtotal	<u>\$ 229,961,327</u>	<u>\$ 239,149,036</u>	<u>\$ (34,518,930)</u>	<u>\$ (31,340,689)</u>	<u>\$ 54,452,969</u>	<u>\$ 91,540,743</u>
37							
38	Rate Base	<u>\$ 1,029,083,363</u>	<u>\$ 1,016,708,119</u>	<u>\$ 1,213,558,233</u>	<u>\$ 1,144,309,982</u>	<u>\$ 1,255,574,523</u>	<u>\$ 1,131,846,844</u>

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

Petition to Create Regulatory Asset for  
Waived Electronic Transaction Fees

Attachment PUC 1-3-5

Page 5 of 8

Line No.	Description	(a) December 2021	(b) March 2022	(c) June 2022	(d) September 2022	(e) December 2022	(f) 5-Quarter Average
1	Utility Plant in Service	\$ 1,002,883,763	\$ 1,011,530,165	\$ 1,033,867,416	\$ 1,087,476,663	\$ 1,136,859,994	\$ 1,054,523,600
2	IFA allocated Plant	7,307,103	7,594,782	7,650,059	7,612,791	7,955,810	7,624,109
3	Block Island Transmission System (BITS) Assets	115,748,317	116,236,232	158,771,385	160,632,382	161,898,349	142,657,333
4	Total Transmission Plant	\$ 1,125,939,183	\$ 1,135,361,179	\$ 1,200,288,860	\$ 1,255,721,836	\$ 1,306,714,153	\$ 1,204,805,042
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	183,995,729	190,296,478	204,351,979	210,942,466	217,262,822	201,369,895
10	Less: IFA allocated Depreciation	1,766,326	1,537,162	1,589,386	1,576,043	1,607,953	1,615,374
11	Less: Block Island Transmission System (BITS) Depreciation	13,694,196	14,716,069	15,409,409	16,465,000	17,536,253	15,564,185
12	Total Accumulated Depreciation	199,456,251	206,549,710	221,350,773	228,983,509	236,407,027	218,549,454
13							
14	Net Plant in Service	\$ 939,014,950	\$ 941,343,488	\$ 991,470,106	\$ 1,039,270,346	\$ 1,082,839,144	\$ 998,787,607
15							
16	Plus:						
17	Materials and Supplies	\$3,138,782	\$3,416,766	\$3,491,971	\$3,854,445	\$4,171,116	\$3,614,616
18	Prepayments	967,027	550,175	26,070	508	759	308,908
19	Loss on Reacquired Debt	687,873	685,260	666,683	673,451	708,545	684,362
20	Cash Working Capital	3,026,013	3,653,757	2,573,950	4,040,640	4,653,659	3,589,604
21	Cash Working Capital - Commodity & Gross Receipts Tax	-	-	-	-	-	-
22	Unamortized Interest Rate Lock	1,082,456	\$1,067,292	\$1,052,127	\$1,036,963	\$1,021,798	1,052,127
23	Unamortized Debt Issuance Costs (\$550M)	450,748	444,559	438,370	432,181	425,992	438,370
24	Unamortized Debt Issuance Costs (\$250M 2012)	430,944	\$425,793	\$420,642	\$415,491	\$410,341	420,642
25	Unamortized Debt Issuance Costs (\$350M 2018)	397,703	382,600	367,498	352,395	337,293	367,498
26	Unamortized Debt Issuance Costs (\$600M 2020)	749,571	727,084	\$704,597	\$682,110	\$659,623	704,597
27							
28	Subtotal	\$ 10,931,117	\$ 11,353,286	\$ 9,741,909	\$ 11,488,185	\$ 12,389,126	\$ 11,180,725
29							
30	Less:						
31	Accumulated Deferred Federal Income Taxes ("FIT")	\$141,654,867	\$142,456,608	\$139,149,878	\$140,115,031	\$62,192,792	\$125,113,835
32	Block Island Transmission System (BITS) ADIT	22,263,247	22,308,376	22,238,533	22,168,689	22,098,846	22,215,538
33	Accumulated Deferred FIT on Loss on Reacquired Debt	144,453	143,905	140,003	141,425	148,795	143,716
34	Customer Deposits	-	-	-	-	-	-
35							
36	Subtotal	\$ 164,062,568	\$ 164,908,889	\$ 161,528,414	\$ 162,425,145	\$ 84,440,432	\$ 147,473,090
37							
38	Rate Base	\$ 785,883,499	\$ 787,787,885	\$ 839,683,600	\$ 888,333,386	\$ 1,010,787,838	\$ 862,495,242

Line Notes

38 Line 14 + Line 28 - Line 36

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

Attachment PUC 1-3-5

Page 6 of 8

Line No.	Description	(a) December 2021	(b) March 2022	(c) June 2022	(d) September 2022	(e) December 2022	(f) 5-Quarter Average
1	Utility Plant in Service	\$2,953,687,969	2,952,912,375	2,910,321,945	2,908,498,216	3,165,717,497	\$2,978,227,600
2	IFA allocated Plant	7,307,103	7,594,782	7,650,059	7,612,791	7,955,810	7,624,109
3	Block Island Transmission System (BITS) Assets	115,748,317	116,236,232	158,771,385	160,632,382	161,898,349	142,657,333
4	Total Utility Plant in Service	\$3,076,743,389	\$3,076,743,389	\$3,076,743,389	\$3,076,743,389	\$3,335,571,656	\$3,128,509,042
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	259,716	72,216	109,716	(60,632)	69,716	90,146
9	Less: Accumulated Depreciation	952,592,524	964,490,735	989,276,155	1,006,615,015	1,022,965,907	987,188,067
10	Less: IFA allocated Depreciation	1,766,326	1,537,162	1,589,386	1,576,043	1,607,953	1,615,374
11	Less: Block Island Transmission System (BITS) Depreciation	13,694,196	14,716,069	15,409,409	16,465,000	17,536,253	15,564,185
12	Total Accumulated Depreciation	968,053,046	980,743,967	1,006,274,949	1,024,656,058	1,042,110,112	1,004,367,626
13							
14	Net Plant in Service	\$2,123,458,688	\$2,110,955,267	\$2,085,386,785	\$2,067,176,024	\$2,308,419,889	\$2,139,079,331
15							
16	Plus:						
17	Materials and Supplies	\$3,924,558	\$ 3,383,227	\$ 3,447,908	\$ 3,915,781	\$ 3,758,101	\$ 3,685,915
18	Prepayments	2,880,630	1,644,550	96,739	20,707	20,707	932,666
19	Loss on Reacquired Debt	2,049,070	2,029,782	2,010,378	1,990,903	1,971,428	2,010,312
20	Cash Working Capital	20,948,091	21,575,835	20,496,028	21,962,718	22,575,737	21,511,682
21	Cash Working Capital - Commodity & Gross Receipts Tax	48,075,148	61,462,485	61,462,485	61,462,485	61,462,485	58,785,018
22	Unamortized Interest Rate Lock	2,831,486	2,791,818	2,752,151	2,712,484	2,672,816	2,752,151
23	Unamortized Debt Issuance Costs (\$550M)	1,179,075	1,162,886	1,146,697	1,130,509	1,114,320	1,146,697
24	Unamortized Debt Issuance Costs (\$250M 2012)	1,127,271	1,113,797	1,100,324	1,086,851	1,073,377	1,100,324
25	Unamortized Debt Issuance Costs (\$350M 2018)	872,429	839,299	806,169	773,038	739,908	806,169
26	Unamortized Debt Issuance Costs (\$600M 2020)	1,644,312	1,594,983	1,545,653	1,496,324	1,446,994	1,545,653
27							
28	Subtotal	\$ 85,532,069	\$ 97,598,663	\$ 94,864,533	\$ 96,551,800	\$ 96,835,874	\$ 94,276,588
29							
30	Less:						
31	Accumulated Deferred Federal Income Taxes (FIT)	\$ 361,200,523	\$ 373,776,026	\$ 96,932,012	\$ 101,100,649	\$ 109,312,495	\$ 208,464,341
32	Block Island Transmission System (BITS) ADIT	22,263,247	22,308,376	22,238,533	22,168,689	22,098,846	22,215,538
33	Accumulated Deferred FIT on Loss on Reacquired Debt	430,305	426,254	422,179	418,090	414,000	422,166
34	Customer Deposits	10,129,820	7,547,269	7,416,760	7,397,028	7,068,062	7,911,788
35							
36	Subtotal	\$ 394,023,895	\$ 404,057,925	\$ 127,009,485	\$ 131,084,456	\$ 138,893,402	\$ 239,013,833
37							
38	Rate Base	\$ 1,814,966,862	\$ 1,804,496,004	\$ 2,053,241,833	\$ 2,032,643,368	\$ 2,266,362,362	\$ 1,994,342,086

Line Notes

38 Line 14 + Line 28 - Line 36

**THE NARRAGANSETT ELECTRIC COMPANY**  
**Calculation of Excess Earnings for Twelve months ended December 31, 2022**  
(\$000)

Line

1	Base Distribution Earnings Available for Common	\$48,135 (a)		
2				
3				
4	Actual Average Common Equity	\$576,676 (a)		
5				
6				Customer
7	Average Annual Return	<u>8.3500%</u> (b)		Share
8				
9	ROE in 50%/50% Bandwith (>9.275%, <10.275%)	0.0000%	* 50.00%	= 0.0000%
10	ROE in 75%/25% Bandwith (>10.275%)	0.0000%	* 75.00%	= <u>0.0000%</u>
11				
12	Total Customer ROE Sharing			0.0000%
13	Actual Average Common Equity			<u>\$576,676</u>
14				
15	Actual Annual Customer Shared Earnings			\$0
16	Tax Gross-up			<u>/ 79.00%</u>
17				
18	Annual Customer Shared Earnings - Pre-tax			-
19				
20	Total Customer Shared Earnings for the twelve months ending December 31, 2022			<u>\$ -</u>

Notes

- (a) From Line 17 and Line 19  
(b) Line 1 divided by Line 4; equals Line 21



The Narragansett Electric Company  
Block Island Transmission System (BITS) Surcharge and Expenses

		2021
		(a)
1	Total BITS Surcharge	\$10,891,832
2	Less: Return and Associated Income Taxes	<u>\$2,800,503</u>
3	Amount in BITS Surcharge to Recover Costs	\$8,091,329
4		
5	Less: Actual Costs	
6	Depreciation & Amortization Expense	\$3,839,327
7	Municipal Tax Expense	\$231,129
8	Operation & Maintenance Expense	\$208,503
9	Administrative & General Expense	<u>\$1,255,711</u>
10	Total Actual Costs	\$5,534,671
11		
12	Difference between Actual Cost and Amounts Received	<u>\$2,556,658</u>

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
- 10 Sum of Lines 6 through 9
- 12 Line 3 - Line 10

**Rhode Island Energy - RI Gas  
Gas Earnings Sharing Mechanism  
For the Twelve Months ended December 31, 2022**

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<b>Gas Earnings Sharing Mechanism</b>	<b>1</b>
<b>Income Statement</b>	<b>2</b>
<b>Federal Income Tax Calculation</b>	<b>3</b>
<b>Applicable Capital Structure, Interest Expense and Preferred Dividends</b>	<b>4</b>
<b>Rate Base</b>	<b>5</b>
<b>Cash Working Capital Calculation</b>	<b>6</b>
<b>Detail Other Revenue/(Expense)</b>	<b>7</b>
<b>Detail Other Interest Expense</b>	<b>8</b>
<b>Detail Non-Operating Income / (Expense)</b>	<b>9</b>
<b>Calculation of Average Long-Term Debt Interest Rate</b>	<b>10</b>
<b>Calculation of Average Short-Term Debt Interest Rate</b>	<b>11</b>
<b>Merger Hold Harmless Rate Base Credit</b>	<b>12</b>
<b>Projected Deferred Tax Schedule</b>	<b>13</b>
<b>Reconciliation of Gas Earnings Sharing Mechanism to Annual Report</b>	<b>14</b>

**Rhode Island Energy - RI Gas  
Gas Earnings Sharing Mechanism  
For the Twelve Months ended December 31, 2022**

Rate Base	\$1,371,238,519	
Common Equity	50.95%	
Debt Cost - Long Term	48.35%	
Debt Cost - Short Term	0.60%	
Preferred Stock	0.10%	
Common Equity	\$698,646,025	
Debt	\$671,221,255	
Preferred Stock	\$1,371,239	
Total	\$1,371,238,519	
1 Average Rate Base	\$1,371,238,519	
2 Equity Component of Rate Base	50.95%	
3 Average Common Equity	\$698,646,025	
4		
5 Actual Total Earnings	\$35,642,335	
6 Return on Common Equity with Incentives	5.10%	
7		
8 Less incentives:		
9 Energy Efficiency shareholder incentive	191,012	0.03% agree with John Tong
10 Natural Gas Portfolio Management Plan	2,117,275	0.30% agree with John Tong
11 Gas Procurement Incentive Plan	-	0.00% agree with John Tong
12	\$2,308,287	
13		
14 Base Earnings	\$33,334,048	
15 Return on Common Equity without Incentives	4.77%	
16		
17 <u>Return on Equity &gt; 9.275% and &lt; 10.275%</u>	0.00%	
18 Earnings to be Shared	\$0	
19 Earnings to Customers - 50%	\$0	
20		
21 Return on Equity > 10.275%	0.00%	
22 Earnings to be Shared	\$0	
23 Earnings to Customers - 75%	\$0	
24		
25 Total After tax Earnings Credited to Customers	\$0	
26		
27 Total Earnings Credited to DAC	\$0	

Notes:

- 1 From line 24(f)
- 2 From 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 line 43
- 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%

Rhode Island Energy - RI Gas  
Income Statement  
For the Twelve Months ended December 31, 2022

		Income Statement	Adjustments	2022	Adjustments
		(a)	(b)	(c)	
1	<b>Operating Revenues</b>				
2	Total Firm Gas	✓ \$442,415,051	AA (\$3,312,937) a1-a4	\$439,102,114	Remove (Unbilled Margin & Unbilled Energy Eff from roll Forward); subtract Prior Periods ISR Property Tax Adjustment; add back one time bill credits
3	Transportation	✓ \$60,661,741	BB (\$1,214,745) b1	\$59,446,995	Pull from Rollforward
4	Other Revenues	✓ \$4,174,031	CC 6,998,797 c1-c8	\$11,172,828	Remove (energy efficiency incentives + contract sharing + excess sharing + off system gas sales + DAC unbilled + RDM Unbilled + Forfeited discounts + Gas Misc Service Revenues)
5	Total Operating Revenues	✓ <b>\$507,250,822</b>	✓ <b>\$2,471,115</b>	✓ <b>\$509,721,937</b>	
6					
7	<b>Adjustment to Operating Revenue:</b>				
8	Inventory Financing	✓	(\$940,240) d	(\$940,240)	Remove total GCR Inventory Financing Costs
9	Total Adjusted Operating Revenues	✓ <b>\$507,250,822</b>	✓ <b>\$1,530,874</b>	✓ <b>\$508,711,697</b>	
10					
11	<b>Operating Expenses</b>				
12	Production (Gas Costs)	✓ \$195,839,586	A	\$195,839,586	
13	Storage	✓ \$3,107,860	B	\$3,107,860	
14	Transmission	✓ \$2,874,714	T	\$2,874,714	
15	Distribution	✓ \$31,869,737	D	\$31,869,737	
16	Customer Accounts	✓ \$54,998,290	F	\$50,140,355	Remove (Uncollectible Accounts from P91 + Bad Debt from Bad Debt Writeoff tab)
17	Sales	✓ \$234,704	F	\$0	
18	Administrative and General	✓ \$61,788,341	M	\$49,451,700	Remove Band A Variable pay and IT/TSA Special Items
19	Total Operating Expenses	✓ <b>\$550,713,232</b>	✓ <b>(\$17,429,300)</b>	✓ <b>\$533,283,932</b>	
20					
21	<b>Other Expenses</b>				
22	Depreciation and Amortization	✓ \$55,569,023	G	\$55,569,023	
23	Local and Other Taxes	✓ \$39,963,733	H	\$39,963,733	
24	Revenue Related Taxes (Gross Earnings Tax - GET)	✓ \$13,653,107	H	\$13,653,107	
25	Federal Income Taxes @ 21%	✓ (\$14,860,039)	O	\$21,820,618	b - Fed Income Tax G45 + Fed Income Tax on FIT Calculation tab
26	Total Other Expenses	✓ <b>\$94,325,824</b>	✓ <b>\$21,820,618</b>	✓ <b>\$116,146,442</b>	
27					
28	<b>Income Before Interest Expense</b>	✓ <b>\$62,211,766</b>	✓ <b>(\$2,800,444)</b>	✓ <b>\$59,351,322</b>	
29					
30	<b>Interest Expense</b>				
31	Other Interest Expenses	✓ \$659,333	N	(\$659,333)	i
32	Short-Term Debt	✓ \$0		\$0	j
33	Long-Term Debt	✓ \$13,506,378	P	\$15,996,847	k
34	Other Interest Expense	✓ \$1,422,063	Q	(\$1,397,500)	l1-l2
35	AFUDC	✓ (\$3,572,220)	R	(\$3,572,220)	
36	Total Interest Expense	✓ <b>\$12,015,554</b>	✓ <b>\$13,940,014</b>	✓ <b>\$25,935,568</b>	
37					
38	<b>Net Income / (Loss)</b>	✓ <b>\$50,196,211</b>	✓ <b>(\$16,800,457)</b>	✓ <b>\$33,395,754</b>	
39					
40	Preferred Dividends	✓	\$61,706	\$61,706	m
41	Extraordinary Deductions	✓ \$15,904,055	(\$15,904,055)	\$0	n
42					
43	<b>Net Income / (Loss) Applicable to Common Equity</b>	✓ <b>\$34,292,156</b>	✓ <b>(\$958,108)</b>	✓ <b>\$33,334,048</b>	

- Notes:
- (a) From Company Financial Statements
  - 1(b)-19(b) From
  - (c) (a) + (b)
  - 4 From line 26
  - 23 From line 3 through 5
  - 24 From line 6
  - 25 From line 24
  - 31 From line 25
  - 32 From line 25(b)
  - 33 From line 17(b)
  - 34 From line 3
  - 40 From line 34(b)

INCOME RECONCILIATION

Net Income ROE	\$33,334,048	
<b>OPERATING REVENUE ADJUSTMENTS - dr/(cr)</b>		
Unbilled Margin	-a1 \$11,055,358	✓
Unbilled Energy Efficiency	-a2 (\$1,824,353)	✓
Property Tax Adjustment that relates to April 2018 - Dec -2021	-a3 \$11,581,516	✓
One Time Settlement Bill Credits	-a4 (\$17,499,584)	✓
Unbilled Transportation	-b1 \$1,214,745	✓
Excess Sharing	-c1 (\$4,229,812)	✓
Off System Gas Sales	-c2 17,006,673	✓
Contract Sharing	-c3 (649,585)	✓
Unbilled DAC	-c4 (7,233,197)	✓
Unbilled RDM	-c5 (2,037,039)	✓
misc service revenues	-c6 \$9,304	✓
gas revenue - cust arrears	-c7 (\$46,153)	✓
Energy Efficiency Incentives- acct 495	-c8 191,012	✓
Inventory Financing	-d \$940,240	✓
Total Adjusted Operating Revenues	(\$1,530,875)	
<b>OPERATING EXPENSE ADJUSTMENTS - dr/(cr)</b>		
Aquidneck Island event - Distribution maintenance	\$0	deleted
Bad Debt Charge-Offs per FERC 904 less change in FERC 144	(\$4,857,955)	✓
Exclude Advertising Expense	(\$234,704)	✓
Exclude Executive Variable Compensation not charged to customers	(\$254,936)	✓
Service Company Excess ADIT	\$0	✓
Removal of IT/TSA Special Items	(\$12,081,705)	✓
Excess ADIT file is no longer applicable per tax department no adjustment for CY 2022		
<b>OTHER EXPENSE ADJUSTMENTS - dr/(cr)</b>		
Federal Income Taxes @ 21%	h \$21,820,618	✓
<b>INTEREST EXPENSE ADJUSTMENTS - dr/(cr)</b>		
Detail Non-Op Income from IS	i (\$659,333)	✓
Short-Term Debt	j \$0	✓
Long-term Debt	k \$15,996,847	✓
Other Interest Expense	l1 (\$1,422,063)	✓
Customer Deposits Interest Expense	l2 24,563	✓
AFUDC (zero out if positive)	\$0	✓
Preferred Dividends	m \$61,706	✓
Reverse write-off of the GBE & IS MOD Investments per settlement agreement	n (\$15,904,055)	✓
Total	\$34,292,156	
Net Income Available for Common per Financials	\$33,940,458	
Difference	\$351,697	Adjustments to Retained Earnings

**Rhode Island Energy - RI Gas  
Federal Income Tax Calculation  
For the Twelve Months ended December 31, 2022**

1	Operating Revenues	\$508,781,697
2		
3	Less:	
4		
5	Operating Expenses	\$333,283,932
6	Depreciation and Amortization	\$55,569,023
7	Local and Other Taxes	\$39,963,733
8	Revenue Related Taxes (GET)	\$13,653,107
9	Interest - Short-Term Debt	\$0
10	Interest - Long-Term Debt	\$29,503,225
11	Other Interest	\$24,563
12	AFUDC	<u>(\$3,572,220)</u>
13		
14	Total Deductions	<u>\$468,425,364</u>
15		
16	Taxable Income	\$40,356,333
17		
18	Federal Income Tax Rate	<u>21.00%</u>
19		
20	Imputed Federal Income Tax Expense	\$8,474,830
21		
22	Amortization of EDIT	(\$1,514,251)
23		
24	Net Federal Income Tax Expense	<u>\$6,960,579</u>

Notes:

- 1 From line 9(c)
- 5 From line 19(c)
- 6 From line 22(c)
- 7 From line 23(c)
- 8 From line 24(c)
- 9 From line 32(c)
- 10 From line 33(c)
- 11 From line 34(c)
- 12 From 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

check: \$0

**Rhode Island Energy - RI Gas**  
**Applicable Capital Structure, Interest Expense and Preferred Dividends**  
**For the Twelve Months ended December 31, 2022**

	%	\$
	(a)	(b)
1 Rate Base		\$1,371,238,519
2		
3 <b>Capital Structure</b>		
4	Docket 4770	
5 Short-Term Debt	0.60%	\$8,227,431
6 Long-Term Debt	48.35%	\$662,993,824
7 Preferred Stock	0.10%	\$1,371,239
8 Common Equity	50.95%	\$698,646,025
9	100.00%	\$1,371,238,519
10 <b>Interest Expense</b>		
11		
12		
13 Long-Term Debt Portion	48.35%	\$662,993,824
14		
15 Cost of Long-Term Debt December 2022		4.45% √
16		
17 Proforma Long-Term Debt Interest		\$29,503,225
18		
19		
20		
21 Short-Term Debt Portion	0.60%	\$8,227,431
22		
23 Cost of Short-Term Debt December 2022		0.00% √
24		
25 Proforma Short-Term Debt Interest		\$0
26		
27 <b>Preferred Dividends</b>		
28		
29		
30 Preferred Stock Portion	0.10%	\$1,371,239
31		
32 Cost of Preferred Stock		4.50%
33		
34 Proforma Preferred Stock		\$61,706

Notes:

- 1(b) From 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 line 13(g)
- 17 Line 13(b) times line 15(b)
- 21 Line 1(b) times line 21(a)
- 23 From 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)

(\$0)

**Rhode Island Energy - RI Gas  
Rate Base  
For the Twelve Months ended December 31, 2022**

	December 2021 (a)	March 2022 (b)	June 2022 (c)	September 2022 (d)	December 2022 (e)	5 Quarter Average December 2022 (f)		
1 Gas Plant In Service	\$1,791,694,480	\$1,828,436,086	\$1,853,946,424	\$1,905,830,570	\$1,964,251,748	\$1,868,831,862	\$172,557,267	10%
2 CWIP	\$49,868,530	\$45,730,763	\$64,768,072	\$73,690,953	\$63,968,056	\$59,605,275	\$14,099,526	28%
3 Less: Accumulated Depreciation	\$488,824,957	\$498,409,667	\$505,841,848	\$515,530,294	\$525,963,583	\$506,914,070	\$37,138,625	8%
4 Less: Contribution in Aid of Construction	\$38	\$38	\$38	\$38	\$38	\$38		
5								
6 Net Plant	\$1,352,738,015	\$1,375,757,145	\$1,412,872,610	\$1,463,991,190	\$1,502,256,183	\$1,421,523,029	\$149,518,168	11%
7								
8 Materials and Supplies	\$5,269,630	\$9,106,825	\$6,173,143	\$7,314,786	\$6,994,498	\$6,971,776		
9 Prepaid Expenses, Excluding Taxes	\$1,067,660	\$434,670	\$145,502	\$104,411	(\$43,250)	\$341,799		
10 Deferred Debits	\$408,369	\$301,824	\$195,279	\$88,734	\$0	\$198,841		
11 Unamortized debt expense and Interest Rate Lock	\$2,495,296	\$2,438,237	\$2,381,179	\$2,324,121	\$2,267,062	\$2,381,179		
12 Cash Working Capital	\$31,603,432	\$34,927,066	\$34,927,066	\$34,927,066	\$34,927,066	\$34,262,339		
13								
14 Subtotal	\$40,844,388	\$47,208,622	\$43,822,169	\$44,759,118	\$44,145,376	\$44,155,935		
15								
16 Accumulated Deferred FIT	\$122,194,717	\$126,161,222	(\$35,071,228)	(\$31,429,631)	(\$18,801,591)	\$32,610,698		
17 Excess Deferred Tax	\$55,558,252	\$55,558,252	\$55,165,607	\$55,165,607	\$55,165,607	\$55,322,665		
18 Excess Deferred Tax Amortization	(\$5,047,502)	(\$5,426,065)	(\$5,804,628)	(\$6,183,191)	(\$6,561,753)	(\$5,804,628)		
19 Hold Harmless	\$11,934,147	\$11,216,530	\$10,498,913	\$9,781,296	\$9,063,679	\$10,498,913		
20 Customer Deposits	\$1,829,591	\$1,871,293	\$1,823,253	\$1,785,757	\$1,754,088	\$1,812,796		
21								
22 Subtotal	\$186,469,206	\$189,381,232	\$26,611,918	\$29,119,838	\$40,620,030	\$94,440,445		
23								
24 Rate Base	\$1,207,113,197	\$1,233,584,535	\$1,430,082,862	\$1,479,630,471	\$1,505,781,529	\$1,371,238,519		

\$1,207,113,197  
\$0

Notes:

- 1(a)-4(c) 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 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

**Rhode Island Energy - RI Gas**  
**Cash Working Capital Calculation**  
**For the Twelve Months ended December 31, 2022**

1	Gas Costs	\$195,839,586
2	Operating Expenses	\$137,444,347
3	Payroll Taxes	\$2,963,727
4	Property Taxes	\$36,994,663
5	State Taxes Other	\$5,344
6	Revenue Related Taxes (GET)	\$13,653,107
7	Total	<u>\$386,900,772</u>
8		
9	Daily Cash Requirement	\$1,060,002
10		
11	Net Lag Days	32.95
12		
13	Total Working Capital	<u>\$34,927,066</u>

Notes:

- 1 From line 12(c)
- 2 From line 13(c) through 18(c)
- 3-5 From line 23(c)
- 6 From 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



**Rhode Island Energy - RI Gas  
Detail Other Revenue/(Expense)  
For the Twelve Months ended December 31, 2022**

	<u>Income Statement</u>	<u>Adjustments</u>	<u>2022</u>	
	(a)	(b)	(c)	
1 Rent from Gas Property	\$2,097,528	v	\$2,097,528	v
2				
3 Other Revenue	(\$415,429)	v	(\$415,429)	v
4				
5 Excess Sharing	(\$14,239,812)	v	\$14,239,812	v
6				
7 RDM Revenue	\$4,117,425	v	\$4,117,425	v
8 Unbilled RDM Revenue		v	\$2,037,037	v
9 Energy Efficiency Shareholder Incentives		v	(\$191,012)	v
10				
11 Other Revenue - Off System Gas Sales	\$17,006,673	v	(\$17,006,673)	v
12				
13 Other Gas Rev Contract Sharing	(\$649,585)	v	\$649,585	v
14				
15 Other Deferred Revenue	\$3,811,010	v	(\$1,080,220)	v
16 LIHEAP Revenue		v	\$1,080,220	v
16				
17 DAC Revenue	(\$7,456,904)	v	(\$7,456,904)	v
18 Unbilled DAC Revenue		v	\$7,233,198	v
19				
20 Recovery of Supervision & Administrative Costs	(\$106,178)	v	(\$106,178)	v
21				
22 Misc Revenue	\$9,304	v	(\$9,304)	v
23				
Account 419010		v	\$46,153	v
24 Interest on Customer Arrears		v	\$46,153	v
25				
26 Total Other Revenue	<u>\$4,174,031</u>	<u>v</u>	<u>\$6,998,797</u>	<u>v</u>

Notes:

Notes:

- (a) From Company Financial Statements
- (b) From
- (c) (a) + (b)

check: 361,371 \$0

**Rhode Island Energy - RI Gas**  
**Detail Other Interest Expense**  
**For the Twelve Months ended December 31, 2022**

	<u>Income Statement</u>	<u>Adjustments</u>	<u>2022</u>
	(a)	(b)	(c)
1 Interest on Customer Deposits	\$1,404,368	(\$1,379,804)	\$24,563
2			
3 Total Other Interest Expense	<u>\$1,404,368</u>	<u>(\$1,379,804)</u>	<u>\$24,563</u>

Notes:

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

check: \$0 \$0

**Rhode Island Energy - RI Gas**  
**Detail Non-Operating Income / (Expense)**  
**For the Twelve Months ended December 31, 2022**

	<u>Income Statement</u>	<u>Adjustments</u>	<u>2022</u>
	(a)	(b)	(c)
1 Donations	(\$201,747) ✓		(\$201,747)
2			
3 Deferred Compensation - Life Insurance	(\$156) ✓		(\$156)
4			
5 Penalties	(\$942,032) ✓		(\$942,032)
6			
7 Lobbying / Legal and Political Expense	(\$74,339) ✓		(\$74,339)
8			
9 Federal Income Taxes on Non-Operating Income	(\$1,518,053) ✓		(\$1,518,053)
10			
11 Revenue from Non-Utility Operations	\$108,657 ✓		\$108,657
12 Expenses of Non-Utility Operations	(\$380,103) ✓	\$380,103 ✓	\$0
13 Share Awards		(\$380,103) ✓	(\$380,103)
14			
15 Interest on Over / (Under) Collections, primarily Deferred Gas Costs	\$1,686,632 ✓		\$1,686,632
16 CSS Revenue - Customer Arrears		(\$46,153) ✓	(\$46,153)
17			
18 Misc Non-Operating Income	(\$1,163) ✓		(\$1,163)
19 Miscellaneous Service Revenues		\$9,304 ✓	\$9,304
20			
21 Other Deductions	\$662,970 ✓		\$662,970
22			
23 Zero out Non-Operating Income / (Expense)	<hr/>	\$696,183 ✓	<hr/> \$696,183
24			
25 Total Non-Operating Income/(Expense)	<hr/> <u>(\$659,333)</u>	<hr/> <u>\$659,333</u>	<hr/> <u>\$0</u>

Notes:

- (a) From Company Financial Statements
- 16(b) Reclass Interest on Customer Arrears to Other Revenue on , line 24(b)
- 19(b) Reclass Miscellaneous Service Revenues from Other Revenue on , line 22(b)
- 23(b) (Sum of Lines 1(a) through 21(b)) \* -1
- (c) (a) + (b)

check                                  \$0    need detail to Reserved FERC Account 94260000

**Rhode Island Energy - RI Gas  
Calculation of Average Long-Term Debt Interest Rate  
For the Twelve Months ended December 31, 2022**

Series	Percent (a)	Due (b)	Amount (c)	Annual Interest (d)	Annual Amortization		Cost of Debt (g)	
					of DD&E (e)	Total Expense (f)		
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11	Total		\$1,517,310,412	\$66,190,926	\$628,378	\$66,819,304	4.40%	
12	Electric Operations	70.00%	\$1,062,117,288	\$46,124,537	\$435,864	\$46,560,401	4.38%	
13	Gas Operations	30.00%	\$455,193,124	\$20,066,389	\$192,514	\$20,258,903	4.45%	
14	Legacy Debt		\$17,310,412	\$1,050,469	\$12,819	\$1,063,288	6.14%	
15	New Debt		\$437,882,712	\$19,015,920	\$179,695	\$19,195,615	4.38%	
16								
17	Total		\$1,517,310,412	\$66,190,926	\$628,378	\$66,819,304	4.40%	

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 1 through 3
- 15(c)-15(e) Sum of Lines 2 through 5, - Line 12
  - (f) (d) + (e)
  - (g) (f) / (e)

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

**Rhode Island Energy - RI Gas**  
**Calculation of Average Short-Term Debt Interest Rate**  
**For the Twelve Months ended December 31, 2022**

	(a)	(b)	(c)	
<u>Month</u>	<u>Average Short-Term Debt Balance</u>	<u>Weighted Cost Rate</u>	<u>Short-Term Interest Expense</u>	
1	Jan-22	\$0	0.00%	\$0
2	Feb-22	\$0	0.00%	\$0
3	Mar-22	\$0	0.00%	\$0
4	Apr-22	\$0	0.00%	\$0
5	May-22	\$0	0.00%	\$0
6	Jun-22	\$0	0.00%	\$0
7	Jul-22	\$0	0.00%	\$0
8	Aug-22	\$0	0.00%	\$0
9	Sep-22	\$0	0.00%	\$0
10	Oct-22	\$0	0.00%	\$0
11	Nov-22	\$0	0.00%	\$0
12	Dec-22	\$0	0.00%	\$0
13				
14	Average	\$0	0.00%	\$0

Notes:

1(a)-12(a) Average amounts represent The Narragansett Electric Company consolidated 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)

**Rhode Island Energy - RI Gas  
Merger Hold Harmless Rate Base Credit  
For the Twelve Months ended December 31, 2022**

THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
RIPUC Docket No. 4770  
Schedule MAL-11-GAS  
Page 9 of 23

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)
1 Balance at June 30, 2017			\$21,532,971
2			
3 Subsequent 2 months			<u>(\$253,030)</u>
4			
5 Balance at August 31, 2017			\$21,279,942
6			
7			
8 Increase/(Decrease) 12 Months Ended	08/31/18		(\$1,674,988.40)
9			
10 Balance at August 31, 2018			\$19,604,953
11	09/30/18	(\$146,116)	\$19,458,837
12	10/31/18	(\$146,116)	\$19,312,721
13	11/30/18	(\$146,116)	\$19,166,605
14	12/31/18	(\$146,116)	\$19,020,489
15	01/31/19	(\$167,950)	\$18,852,539
16	02/28/19	(\$167,950)	\$18,684,590
17	03/31/19	(\$167,950)	\$18,516,640
18	04/30/19	(\$167,950)	\$18,348,691
19	05/31/19	(\$167,950)	\$18,180,741
20	06/30/19	(\$167,950)	\$18,012,792
21	07/31/19	(\$167,950)	\$17,844,842
22	08/31/19	(\$167,950)	\$17,676,893
23			
24 Rate Year 1 Merger Hold Harmless - 5 Quarter Average			<u>\$18,662,756</u>

THE NARRAGANSETT ELECTRIC COMPANY  
d/b/a NATIONAL GRID  
RIPUC Docket No. 4770  
Schedule MAL-11-GAS  
Page 10 of 23

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)
1 Balance at August 31, 2019			\$17,676,893
2	09/30/19	(\$167,950)	\$17,508,943
3	10/31/19	(\$167,950)	\$17,340,994
4	11/30/19	(\$167,950)	\$17,173,044
5	12/31/19	(\$167,950)	\$17,005,095
6	01/31/20	(\$198,997)	\$16,806,098
7	02/29/20	(\$198,997)	\$16,607,100
8	03/31/20	(\$198,997)	\$16,408,103
9	04/30/20	(\$198,997)	\$16,209,106
10	05/31/20	(\$198,997)	\$16,010,109
11	06/30/20	(\$198,997)	\$15,811,112
12	07/31/20	(\$198,997)	\$15,612,115
13	08/31/20	(\$198,997)	\$15,413,118
14			
15 Rate Year 2 Merger Hold Harmless - 5 Quarter Average			<u>\$16,576,053</u>
16			
17 Balance at August 31, 2020			\$15,413,118
18	09/30/20	(\$198,997)	\$15,214,120
19	10/31/20	(\$198,997)	\$15,015,123
20	11/30/20	(\$198,997)	\$14,816,126
21	12/31/20	(\$198,997)	\$14,617,129
22	01/31/21	(\$223,582)	\$14,393,547
23	02/28/21	(\$223,582)	\$14,169,965
24	03/31/21	(\$223,582)	\$13,946,383
25	04/30/21	(\$223,582)	\$13,722,802
26	05/31/21	(\$223,582)	\$13,499,220
27	06/30/21	(\$223,582)	\$13,275,638
28	07/31/21	(\$223,582)	\$13,052,056
29	08/31/21	(\$223,582)	\$12,828,474
30			
31 Rate Year 3 Merger Hold Harmless - 5 Quarter Average			<u>\$14,145,381</u>

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, 2022

1	<b>Operating Revenues</b>		
2	<b>Gas Operating Revenues shown on Page 301, Line 1(f) of the Annual Report</b>	<b>\$442,415,051</b>	✓
3	1 Unbilled Revenue Net Margin	(\$11,055,358)	✓
4	2 Unbilled Energy Efficiency	\$1,824,353	✓
5	3 ISR Property Tax Deferral Adjustment	(\$11,581,516)	✓
6	4 One Time Bill Credits per AG Settlement Agreement	\$17,499,584	✓
7	<b>Gas Earnings Sharing Mechanism, Page 2, Total Firm Gas Revenues</b>	<b>\$439,102,114</b>	(0)
8			
9	<b>Revenues from Transportation shown on Page 301, Line 7(f) of the Annual Report</b>	<b>\$60,661,741</b>	✓
10	1 Unbilled Transportation	(\$1,214,745)	✓
11	<b>Gas Earnings Sharing Mechanism, Page 2, Transportation Revenues</b>	<b>\$59,446,996</b>	0
12			
13	<b>Forfeited Discounts shown on Page 301, Line 3(f) of the Annual Report</b>	<b>(\$10)</b>	✓
14	<b>Miscellaneous Service Revenues shown on Page 301, Line 4(f) of the Annual Report</b>	<b>\$9,314</b>	✓
15	<b>Rent from Gas Property shown on Page 301, Line 12(f) of the Annual Report</b>	<b>\$2,097,528</b>	✓
16	<b>Other Gas Revenues shown on Page 301, Line 14(f) of the Annual Report</b>	<b>\$2,067,199</b>	✓
17	1 Unbilled RDM	\$2,037,037	✓
18	2 Unbilled DAC	\$7,233,198	✓
19	3 Off System Gas Sales	(17,006,672.68)	✓
20	4 Contract Sharing	649,585.39	✓
21	5 Excess Sharing	14,239,812.23	✓
22	6 Energy Efficiency Incentives	(191,012.30)	✓
23	7 Miscellaneous Service Revenues	(\$9,304)	✓
24	8 CSS Revenue - Customer Arrears	\$46,153	✓
25	<b>Gas Earnings Sharing Mechanism, Page 2, Other Revenues</b>	<b>11,172,828</b>	\$0
26			
27	<b>Inventory Financing</b>	<b>(\$940,240)</b>	✓
28			
29			
30	<b>Operating Expenses</b>		
31	<b>Production expenses shown on Page 320 of the Annual Report</b>	<b>\$195,839,586</b>	✓
32	<b>Gas Earnings Sharing Mechanism, Page 2, Production (Gas Costs)</b>	<b>\$195,839,586</b>	\$1
33			
34	<b>Natural Gas Storage expenses shown on Page 322 of the Annual Report</b>	<b>\$3,107,860</b>	✓
35	<b>Gas Earnings Sharing Mechanism, Page 2, Storage</b>	<b>\$3,107,860</b>	(\$0)
36			
37	<b>Transmission expenses shown on Page 323 of the Annual Report</b>	<b>\$2,874,715</b>	✓
38	<b>Gas Earnings Sharing Mechanism, Page 2, Transmission</b>	<b>\$2,874,715</b>	\$1
39			
40	<b>Distribution expenses shown on Page 324 of the Annual Report</b>	<b>\$31,869,739</b>	✓
41	<b>Gas Earnings Sharing Mechanism, Page 2, Distribution</b>	<b>\$31,869,739</b>	\$2
42			
43	<b>Customer Accounts expenses shown on Pages 324-325 of the Annual Report</b>	<b>\$22,133,969</b>	
44	<b>Customer Service &amp; Information expenses shown on Pages 325 of the Annual Report</b>	<b>\$32,864,323</b>	
45	1 Zero out Uncollectible Accounts per books	(\$14,524,881)	✓
46	2 Add Bad Debt Charge-Offs	\$9,666,926	✓
47	<b>Gas Earnings Sharing Mechanism, Page 2, Customer Accounts</b>	<b>\$50,140,337</b>	\$2
48			
49	<b>Sales expenses shown on Page 325 of the Annual Report</b>	<b>\$234,704</b>	✓
50	1 Remove Sales expenses	(\$234,704)	✓
51	<b>Gas Earnings Sharing Mechanism, Page 2, Sales</b>	<b>\$0</b>	\$0
52			
53	<b>Administrative and General expenses shown on Page 325 of the Annual Report</b>	<b>\$61,788,338</b>	✓
54	1 Exclude Executive Variable Compensation not charged to customers	(\$254,936)	
55	2 Service Company excess deferred federal income taxes per Docket No. 4770 Excess Deferred Income Tax True-Up – Second Compliance Filing dated May 30, 2019, Second Compliance Attachment 31, Page 1	\$0	
56			
57			
58	3 Removal of IT/TSA Special Items	(\$12,081,705)	
59	<b>Gas Earnings Sharing Mechanism, Page 2, Administrative and General</b>	<b>\$49,451,697</b>	(\$3)



The Narragansett Electric Company  
d/b/a Rhode Island Energy  
RIPUC Docket No. 24-05-GE  
In Re: Petition For Approval to Create Regulatory Assets  
For Waived Electronic Transaction Fees  
Responses to the Commission's First Set of Data Requests  
Issued on February 15, 2024

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PUC 1-4

Request:

With respect to the Revenue Decoupling Mechanism, please explain the Company's stated concern that the RDM factors are not set based on the same effective date. As part of the response, please confirm that the target revenue is based on the period April 1 through the following March 31 for both electric and gas.

Response:

In both the electric and gas Revenue Decoupling Mechanisms ("RDM"), the target revenue is based on the period April 1 through March 31. However, the electric RDM begins recovery on July 1 of each year, while the gas RDM recovery is through the Distribution Adjustment Clause ("DAC") which begins November 1 of each year. This results in a lag of recovery for the gas portion of the waived fees of four (4) months compared to the electric portion. In addition, for the Company to track and reconcile what has been recovered for the fees for each year (April to March costs in this example), the Company will have to perform the analysis at two separate times.

In addition to this concern and equally as important, as stated in the pre-filed testimony, Page 10 of 13, the Company does not believe the RDM is the appropriate mechanism for either electric or gas as they are both volumetric recovery methods and volume does not drive which customers use a credit card to pay their bill. If the Commission were to approve recovery of the fees through a mechanism other than a regulatory asset until the next rate case, the Company believes it should be through a fixed customer charge.

The Narragansett Electric Company  
d/b/a Rhode Island Energy  
RIPUC Docket No. 24-05-GE  
In Re: Petition For Approval to Create Regulatory Assets  
For Waived Electronic Transaction Fees  
Responses to the Commission's First Set of Data Requests  
Issued on February 15, 2024

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PUC 1-5

Request:

Please confirm that the RGGI credits (A-60 bill credits) per Docket Nos. 4978, 22-50-EL, and 23-02-EL were fixed credits and not volumetric. Did the Company object to recovering those credits through the RDM?

Response:

The recovery of RGGI credits through the RDM only applied to the under-recovery for excess bill credit amounts that were provided to customers in excess of the amount allocated to the Company by OER. The actual RGGI amounts applied to customer bills were through a fixed credit on their bill and not through the RDM. The Company did not object to recovering the under-recovery amount through the RDM. The Company anticipated that the under-recovery amount would be minimal because the total credits were based on a fixed amount for a short time period.

The Narragansett Electric Company  
d/b/a Rhode Island Energy  
RIPUC Docket No. 24-05-GE  
In Re: Petition For Approval to Create Regulatory Assets  
For Waived Electronic Transaction Fees  
Responses to the Commission's First Set of Data Requests  
Issued on February 15, 2024

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PUC 1-6

Request:

Did the Company consider recovering the electronic transaction fees through the Distribution Adjustment Charge as its own factor? If so, why was it rejected? If not, why not?

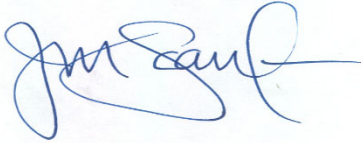
Response:

Yes, the Company considered recovering the gas portion of the electronic transaction fees through the Distribution Adjustment Charge ("DAC") as its own factor, as a fixed customer charge rather than a volumetric charge since the customer using a credit card to pay their bill are not driven by customer electric or gas usage volume. The Company did not propose this alternative as it would require the Company to create or modify an existing "Cons" type in the billing system to be able to separately track the recovery and reconciliation of the waived fees. In addition, a separate line on the customer bill would need to be created to show the charge separately. Since the Company is proposing that the waived fees would be recovered in base rates in the Company's next distribution base rate case and not through a separate mechanism, the Company believes that the time and resources that would be required to effectuate these administrative changes did not make sense for a relatively short period of time and solely to bridge the gap until the next general rate case.

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

March 6, 2024  
Date

**Docket No. 24-05-GE RI Energy – Regulatory Assets for Waived ETFs  
Service List 2/7/2024**

<b>Name/Address</b>	<b>E-mail Distribution</b>	<b>Phone</b>
<b>The Narragansett Electric Company d/b/a Rhode Island Energy</b>  Jennifer Hutchinson, Esq. 280 Melrose Street Providence, RI 02907	<a href="mailto:JHutchinson@pplweb.com">JHutchinson@pplweb.com</a> ;	401-784-7288
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<b>File an original and five copies</b> Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick RI 02888	<a href="mailto:Luly.massaro@puc.ri.gov">Luly.massaro@puc.ri.gov</a> ;	401-780-2107
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